



**SHENZHEN CEREALS HOLDINGS CO., LTD.**

**SEMI-ANNUAL REPORT 2020**

**August 2020**

## Section I. Important Notice, Contents and Interpretation

Board of Directors, Supervisory Committee, all directors, supervisors and senior executives of SHENZHEN CEREALS HOLDINGS CO.,LTD. (hereinafter referred to as the Company) hereby confirm that there are no any fictitious statements, misleading statements, or important omissions carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

Chairman of the Company Zhu Junming, General Manager Hu Xianghai, Head of Accounting Jin Zhenyuan and Head of Accounting Institution (Accounting Supervisors) Wen Jieyu hereby confirm that the Financial Report of Semi-Annual Report 2020 is authentic, accurate and complete.

In addition to the following directors, other directors attended the Board Meeting for the deliberation of the semi-annual report.

Name of the director not present in person	Title of the director not present in person	Reason for not attending the meeting in person	Name of principal
Lu Qiguang	Director	On a business trip	Hu Xianghai

Concerning the forward-looking statements with future planning involved in the semi-annual report, they do not constitute a substantial commitment for investors, *Securities Times*, *China Securities Journal*, *Hong Kong Commercial Daily* and Juchao Website (www.cninfo.com.cn) are the media appointed by the Company for information disclosure, all information of the Company disclosed in the above mentioned media should prevail. Investors are advised to exercise caution of investment risks.

The Company has analyzed the risk factors that the Company may exist and its countermeasures in the report, investors are advised to pay attention to read “Risks and Countermeasures” in the report of Section IV-Discussion and Analysis of the Operation. This report has been prepared in Chinese and English

**version respectively. In the event of difference in interpretation between the two versions, Chinese report shall prevail.**

**The Company plans not to distributed cash dividend, bonus and no capitalizing of common reserves either.**

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## Interpretation

Items	Refers to	Contents
SZCH/Listed Company /the Company/	Refers to	Shenzhen Cereals Holdings Co., Ltd.
SZCG	Refers to	Shenzhen Cereals Group Co., Ltd
Hualian Company	Refers to	Shenzhen Hualian Grain and Oil Trading Co., Ltd.
Shenliang Property	Refers to	Shenzhen Shenliang Property Development Co., Ltd.
Doximi	Refers to	Shenliang Doximi Business Co., Ltd.
Shenzhen Flour, Flour Company	Refers to	Shenzhen Flour Co., Ltd
Shenliang Quality Inspection	Refers to	Shenliang Quality Inspection Co., Ltd.
Dongguan Logistics	Refers to	Dongguan Shenliang Logistics Co., Ltd.
Dongguan Food Industrial Park	Refers to	Dongguan International Food Industrial Park Development Co., Ltd.
Big Kitchen	Refers to	Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd
Shenliang Cold Chain	Refers to	Shenzhen Shenliang Cold Chain Logistics Co., Ltd.
Shenbao Huacheng	Refers to	Shenzhen Shenbao Huacheng Technology Co., Ltd.
Shenbao Investment	Refers to	Shenzhen Shenshenbao Investment Co., Ltd.
Shenbao Sanjing	Refers to	Shenzhen Shenbao Sanjing Food and Beverage Development Co., Ltd.
Wuyuan Ju Fang Yong	Refers to	Wuyuan Ju Fang Yong Tea Industry Co., Ltd.
SYDATA	Refers to	SHENZHEN SYDATA TECHNOLOGY CO., LTD
Food Group	Refers to	Shenzhen Food Materials Group Co., Ltd, Shenzhen Food Group Co., Ltd.
Agricultural Products	Refers to	Shenzhen Agricultural Products Group Co., Ltd
Shenzhen SASAC	Refers to	Shenzhen Municipal People's Government State-owned Assets Supervision & Administration Commission
CSRC	Refers to	China Securities Regulation Commission
RMB/10 thousand yuan	Refers to	CNY/ten thousand yuan

## Section II Company Profile and Main Financial Indexes

### I. Company profile

Short form for share	SZCH, Shenliang B	Stock code	000019, 200019
Listing stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	深圳市深粮控股股份有限公司		
Abbr. of Chinese name of the Company (if applicable)	深粮控股		
English name of the Company(if applicable)	SHENZHEN CEREALS HOLDINGS CO.,LTD		
Legal Representative	Zhu Junming		

### II. Person/Way to contact

	Secretary of the Board	Rep. of security affairs
Name	Dai Bin	Chen Kaiyue, Liu Muya
Contact add.	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen	13/F, Tower A, World Trade Plaza, No.9 Fuhong Rd., Futian District, Shenzhen
Tel.	0755-82027522	0755-82027522
Fax.	0755-83778311	0755-83778311
E-mail	szch@slkg1949.com	chenky@slkg1949.com, liumy@slkg1949.com

### III. Others

#### 1. Way of contact

Whether registrations address, offices address and codes as well as website and email of the Company changed in reporting period or not

☐ Applicable    ☒ Not applicable

The registrations address, offices address and codes as well as website and email of the Company have no changes in the Period, found more in Annual Report 2019.

#### 2. Information disclosure and preparation place

Whether information disclosure and preparation place changed in reporting period or not

☐ Applicable ☒ Not applicable

The newspaper appointed for information disclosure, website for semi-annual report publish appointed by CSRC and preparation place for semi-annual report have no change in reporting period, found more details in Annual Report 2019.

#### IV. Main accounting data and financial indexes

Whether information disclosure and preparation place changed in reporting period or not

☐ Yes ☒ No

	Current Period	Same period of last year	Changes over last year (+,-)
Operating revenue (RMB)	4,740,428,222.10	4,782,167,732.69	-0.87%
Net profit attributable to shareholders of the listed Company (RMB)	210,738,686.12	203,168,850.61	3.73%
Net profit attributable to shareholders of the listed Company after deducting non-recurring gains and losses (RMB)	196,760,081.80	198,195,100.05	-0.72%
Net cash flow arising from operating activities (RMB)	9,610,361.15	-389,429,629.75	102.47%
Basic earnings per share (RMB/Share)	0.1828	0.1763	3.69%
Diluted earnings per share (RMB/Share)	0.1828	0.1763	3.69%
Weighted average ROE	4.66%	4.82%	-0.16%
	End of current Period	End of last year	Changes over end of last year (+,-)
Total assets (RMB)	7,028,727,913.52	6,775,067,275.86	3.74%
Net assets attributable to shareholder of listed Company (RMB)	4,400,982,300.34	4,420,751,187.57	-0.45%

#### V. Difference of the accounting data under accounting rules in and out of China

##### 1. Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

☒ Applicable ☐ Not applicable

In RMB

	Net profit attributable to shareholders of listed Company		Net assets attributable to shareholders of listed Company	
	Current period	Last period	Period-end	Period-begin
Chinese GAAP	210,738,686.12	203,168,850.61	4,400,982,300.34	4,420,751,187.57
Items and amount adjusted by IAS				
Adjustment for other payable fund of stock			1,067,000.00	1,067,000.00

market regulation				
IAS	210,738,686.12	203,168,850.61	4,402,049,300.34	4,421,818,187.57

## 2. Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)

☐ Applicable ☒ Not applicable

The Company has no above mentioned condition occurred in the period

## 3. Explanation on differences of the data under accounting standards in and out of China

☐ Applicable ☒ Not applicable

## VI. Items and amounts of extraordinary profit (gains)/loss

☒ Applicable ☐ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset (including the write-off that accrued for impairment of assets)	2,326,477.57	
Governmental subsidy reckoned into current gains/losses (not including the subsidy enjoyed in quota or ration according to national standards, which are closely relevant to enterprise's business)	10,824,560.17	
Fund possession cost reckoned in current gain/loss charged from non-financial enterprise	204,763.50	
Profit and loss of assets delegation on others' investment or management	7,544,998.92	
Gains and losses from change of fair values of held-for-transaction financial assets, derivative financial assets, held-for-transaction financial liability and derivative financial liability except for the effective hedge business related to normal business of the Company, and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liability, derivative financial liability and other debt investment.	-572,784.42	
Switch-back of provision of impairment of account receivable and contract assets which are treated with separate depreciation test	1,176,620.32	
Other non-operating income and expenditure except for the aforementioned items	-3,827,866.72	
Other gains/losses items that conform to the definition of non-recurring gains/losses	337,500.00	
Less: impact on income tax	3,616,736.56	
Impact on minority shareholders' equity (post-tax)	418,928.46	
Total	13,978,604.32	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies*



*Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

☐ Applicable ☒ Not applicable

In reporting period, the Company has no particular about items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*

## Section III Summary of Company Business

### I. Main businesses of the Company in the reporting period

During the reporting period, the company further promoted the business integration and coordinated development, the main business includes the wholesale and retail business, food processing and manufacturing business, leasing and commerce service business.

The wholesale and retail business are mainly rice, wheat, rice in the husk, corn, sorghum, cooking oil and other varieties of grain and oil as well as the sales of fine tea, beverage and condiment. According to the market conditions and the needs of upstream and downstream enterprises, the above-mentioned grain and oil products purchased are independently traded. The unprocessed grain such as wheat, rice in the husk, corn, barley and sorghum are mainly supply to the customers such as large traders, feed and flour processing enterprises in the industry; the rice, flour, edible oil, fine tea and beverage etc. are mainly supply to the enterprises and institutions, food enterprises and community residents etc.

Food processing and manufacturing business are mainly the processing the technology research in aspect of flour, rice, cooking oil, tea and natural plants, beverage and condiments etc. The company's flour brands and products include “Jinchangman”, “Yingshanhong” and “Hongli” series bread flour; “Clivia” and “Canna” series tailored flour for cakes and steamed bun; “Sunflower” high-gluten tailored flour and biscuit tailored flour; “Feiyu” caramel treats tailored flour; “Yuejixiang” moon cake tailored flour. Rice products include “Shenliang Duoxi”, “Guzhixiang”, “Jinjiayi”, “Runxiangliangpin”, “Hexiang”, “Shenliang Yushuiqing”, etc. Cooking oil products include brands such as “Shenliang Duoxi”, “Shenliang Fuxi”, “Hongli” and “Shenliang Yushuiqing”, etc. Shenliang Duoxi Changxiangdao Daohuaxiang Rice was selected as the first batch of “China Good Grain and Oil” products of the National Grain Administration, its production and processing process conforms to the requirements for the evaluation of Shenzhen-supplied food, and it is allowed to use the Shenzhen Standard · SZ Product logo. “Shenliang Yushuiqing” has formed a serial of special grade military grain supply, military demand and civil brands in rice, flour, oil and coarse cereals. Tea products of the Company including “Golden Eagle” instant tea powder, tea concentrate and other series of tea products; “Jufangyong”, “Gutan”, “Fuhaitang” series of tea products; condiment including the “Tri-Well” oyster sauce, chicken essence and seafood sauce; beverage includes “Shenbao” chrysanthemum tea, lemon tea, herbal tea and other series of drinks.

The leasing and business service refers to providing the professional import & export trade, warehousing & storage, logistic & distribution, quality inspection & information technology services for all kinds of clients in the upstream and downstream of the industrial chain, by using the advantage of brand, reputation, experience, management, services, facilities and information systems that accumulated in field of grain and oil market, as well

as the property leasing & management, commerce operation management services. the construction and operation for the node in Shenliang Dongguan Grain Logistics are promoted steady. After the project is completed, it will become a comprehensive grain circulation service provider integrating five functions including grain and oil terminal, transfer reserve, inspection and processing, processing industry, and market transaction. The subordinate Shenliang Quality Inspection is identified as the “Guangdong Shenzhen National Grain Quality Monitoring Station”. The subordinate Shenliang Cold-Chain providing a cold chain storage and distribution services for customers, and the Shenliang property is the professional assets management platform enterprise.

## II. Major changes in main assets

### 1. Major changes in main assets

Major assets	Note of major changes
Equity assets	No major Change
Fixed assets	Changes in the Period mainly because the food processing project of Shenliang Dongguan grain logistics nodes was completed and put into operation, which was transferred to fixed assets from construction in progress, then the fixed assets increased over that of period-begin
Intangible assets	No major Change
Construction in progress	Changes in the Period mainly because the project of Shenliang Dongguan grain logistics nodes and Shuangyashan grain source base project are put into operation; at the same time, after the food processing project of Shenliang Dongguan grain logistics nodes completed and put into operation, the construction in progress declined for transferred to fixed assets

### 2. Main overseas assets

☐ Applicable ☒ Not applicable

## III. Core Competitiveness Analysis

The company has large-scale warehouse resources in Shenzhen and is the "rice bag" trusted by the public. During the reporting period, the company extended and expanded the development of the grain, oil and food industry chain through resource optimization and integration, and took the strategic goal of creating a “smart grain, oil and food supply chain service provider” to further strengthen the company’s core competitive advantages.

### 1. Management Efficiency Advantage

The core management team of the company has rich experience, and has a strong strategic vision and pragmatic spirit. It has formed a set of effective system to promote the high-quality development of the company by

combining with the company's actual development. The company vigorously promotes the innovation and transformation of business models, and actively promotes the transition from "trade-oriented enterprises" to "service-oriented enterprises", and from "operational management and control" to "strategic management and control". In the business management and control, the company builds a "four-in-one" management and control model that the "business operations and fund management, inventory management, and quality management" relatively separate and check and balance each other, at the same time, it strengthens risk management, budget management, plan management, contract management, customer management and brand management and other measures to effectively prevent operational risks. Through innovative talent management, the company has established an open talent team to meet the long-term development of enterprises. The company has innovated and implemented the performance appraisal mechanism and established a result-oriented incentive and restraint assessment mechanism which effectively built the performance culture and stimulated the viability within the enterprise. The company insists on cultivating and advocating the corporate culture with "people-oriented, performance first, excellent quality, and harmony" as the core values, combines the personal development goals of employees with the corporate vision, and enhances the cohesiveness and centripetal force of the enterprise.

## 2. Business model advantages

In terms of business layout and management, the company has deepened and subdivided its target markets, carried out specialized operations in different areas of the grain and oil food industry chain, embraced the Internet, and gradually built a "trinity" of multilevel product supply network of terminal grain, oil and food e-commerce sales, catering and distribution services, and bulk grain and oil trading services. In terms of terminal grain, oil and food e-commerce sales, the company actively promoted the development of new grain retail formats such as "Internet + Grain" and "Community Automatic Selling Grain Supply Centers". It has already had the B2C Grain and Oil Network Direct Selling Platform "Doximi .com", and has opened on-line sales channels on Tmall, Jingdong Mall and other e-commerce platforms to promote the online and offline deep integration of e-commerce platforms. In terms of catering and distribution, the company has set up a distribution service platform for prepared food of grain, oil and food materials serving terminal customers such as chain catering and canteen. In terms of food and oil trading services, the grain bulk commodity trading platform-"SZCH Grain Trading Network", built by the Company can effectively integrate the flow of commercial, logistics and information, improve the efficiency of circulation; and provides quality services such as purchase and sales, logistics, quality inspection and transaction information to the buyers and suppliers, to improve the economic efficiency.

## 3. Research and development technology advantages

The company attaches great importance to transforming and upgrading the traditional industries by modern technologies, and actively introduces a new generation of information technologies such as internet of things, cloud computing, big data and mobile internet into grain management. It takes the lead in promoting the construction of "standardization, mechanization, informationization and harmlessness" of warehouse management in the industry, independently develops "grain logistics information system" (Shenliang GLS), applies RFID technology and slip sheet equipment, introduces intelligent robots, and upgrades the grain depot operation

efficiency and management efficiency. The company has undertaken a number of national-level research projects, and multiple IT project results have won national, provincial and municipal awards. More than 30 information systems have been developed and run normally. As of now, the company has 90 patents applied and obtained, and owes 23 software copyrights.

#### 4. Quality advantages

The company has established a quality control system that has been recognized by large international food and beverage enterprises. It gives full play to the advantages of products, channels, brands, warehousing, quality inspection, etc., and truly provides good quality and safety products for the society. In the grain and oil business, the company's subordinate enterprise, Shenliang Quality Inspection, has the leading grain quality testing technology and equipment in the domestic grain industry, and has been officially incorporated into the national grain quality supervision and testing system, and has been awarded the "Guangdong Shenzhen National Grain Quality Monitoring Station" by the State Administration of Grain. And obtained the qualification certificate (CMA) for testing and inspection institutions, and it is the first among domestic peers to include pesticide residues, heavy metal pollutants, mycotoxins and other hygienic indicators and taste value indicators in daily testing indicators, and has the detection ability of four types of indicators such as grain regular quality, storage quality, hygiene and eating quality, which can meet the relevant quality inspection requirements of grain and oil products, and can accurately analyze the nutritional ingredients and hygienic index of grain and determine its storage quality and eating quality.

## Section IV. Discussion and Analysis of the Operation

### I. Introduction

During the reporting period, the sudden novel coronavirus epidemic brought unprecedented severe challenges to the company. The company made every effort to promote the start of production, ensure the supply, and coordinate the prevention and control of the epidemic and its operation and management. In accordance with the annual key work and strategic planning goals, the company took the reorganization and subsequent integration and the reshaping of the company's strategy as the starting point and end point of operation and management, and well completed the semi-annual goals and tasks.

#### 1. Main business development

During the reporting period, based on its own advantages and industrial development, the company used information technology to broaden product supply channels and transaction methods. Through the integration of resources, the company enhanced the synergistic effect of the industrial chain to create a new pattern in the grain, oil and food industry. The company continued to focus on the main business of grain and oil, and achieved steady development in main business by actively improving the supply chain, extending the industrial chain, upgrading the value chain, and completing grain and oil supply services with quality and quantity.

#### 2. Key projects

During the reporting period, the company focused on the strategy of “smart grain, oil and food supply chain quality service providers” and promoted the construction and operation of grain logistics nodes projects, and achieved the strategic goals for the first half of the year. The grain logistics and terminal supporting project of SZCG Dongguan Grain Logistics Node Project, the CDE warehouse project, the food deep processing project and the first-phase terminal project have all been basically completed. The Northeast Grain Source Base Project has accelerated the construction of the second phase project of the Grain Source Base. The 150,000-ton storage main project of the first phase of the Northeast Grain Source Base Project has been officially put into use.

#### 3. Continuous innovation and development

The company has formed an innovative R&D system centered on the SZCG Research Institute, with the key supports of SYDATA, Flour Company Product R&D Center, Doximi Quality Inspection R&D Department, SZCG Reserve Branch Technology Center, and Tea Product and Technology R&D Center. Up to now, the company has applied for and obtained a total of 90 patents and owns 23 software copyrights.

During the reporting period, the company ensured the sustainable and healthy development of the company by increasing the application of informatization innovation results and enhancing the efficiency of operation and

management.

#### 4. Other key tasks

(1) During the reporting period, continue to improve corporate governance. In accordance with the new regulatory requirements and relevant regulations and procedures, the company completed the combination and revision of the internal systems and further enhanced the management effectiveness of the company through various effective measures.

(2) During the reporting period, the preparation of the "14th Five-Year" strategic plan was initiated. On the premise of conscientiously implementing the goals and tasks of the "13th Five-Year Plan", the company combined with its actual conditions, closely focused on the "dual-zone driving effect", formulated the company's "14th Five-Year Plan" work plan, and scientifically proposed the development goals, work ideas, and key tasks of "14th Five-Year Plan" period.

(3) During the reporting period, the company continued to launch new products. Doximi has developed a high-quality formula rice "Black-faced Spoonbill"; Flour Company has launched a series of special flours for new products such as bread, steamed bread and moon cakes.

(4) During the reporting period, the company actively fulfilled its social responsibilities. The company helped fight the epidemic by donating 5.1 million yuan to Hubei; implemented the policy of reducing rents and fees, and reducing or exempting rents totaling more than 16.5 million yuan for tenants who meet the requirements .

(5) During the reporting period, the company implemented the main responsibility for production safety. Resolutely implemented various safety requirements in place, and achieved five "0"s for production safety accidents, food safety accidents, fire safety accidents, personal injury accidents, and environmental pollution accidents.

In first half of 2020, the company achieved a total operating income of 4,740,428,200 yuan, a decrease of 0.87% over the same period of the previous year; operating profit of 218,523,000 yuan, a decrease of 7.15% over the same period of the previous year; net profit attributable to shareholders of listed companies was 210,738,700 yuan, an increase of 3.73% from a year earlier.

## II. Main business analysis

See the "I-Introduction" in "Discussion and Analysis of the Operation"

Y-o-y changes of main financial data

In RMB

	Current period	Same period of last year	Y-o-y increase/decrease	Reasons for changes
Operation revenue	4,740,428,222.10	4,782,167,732.69	-0.87%	
Operation cost	4,219,403,828.80	4,262,101,770.62	-1.00%	
Sales expenses	109,796,698.11	112,553,742.74	-2.45%	
Management expenses	101,838,460.53	101,397,947.99	0.43%	
Financial expenses	6,155,212.61	8,519,731.85	-27.75%	
Income tax expense	2,465,268.63	15,485,294.03	-84.08%	Mainly due to the change of deferred income tax expenses
R&D investment	7,368,772.68	4,211,474.91	74.97%	Strengthen R&D and more investment occurred.
Net cash flow arising from operation activities	9,610,361.15	-389,429,629.75	102.47%	In first half of the year, received the government service revenue in advance, the net amount of operation cash flow growth on a y-o-y basis
Net cash flow arising from investment activities	-70,334,070.80	-140,751,694.07	50.03%	Mainly due to the change of investment in financial products, and the amount for purchasing fixed assets are declined from a year earlier, then the net out-flow of cash from investment activities declined on a y-o-y basis
Net cash flow arising from financing activities	19,387,290.61	88,425,677.74	-78.08%	Mainly because the cash dividend distributed in the period higher than that of last period, and change of the bank borrowings makes the net in-flow of cash from financing activities declined on a y-o-y basis
Net increase of cash and cash equivalent	-41,317,771.47	-441,723,854.29	90.65%	Mainly due to the y-o-y change of cash flow from operation activities

Major changes on profit composition or profit resources in reporting period

☐ Applicable ☒ Not applicable

No major changes on profit composition or profit resources occurred in reporting period

Constitute of operation income

In RMB

	Current period		Same period last year		Increase/decrease y-o-y (+,-)
	Amount	Ratio in operation income	Amount	Ratio in operation income	



Total operation income	4,740,428,222.10	100%	4,782,167,732.69	100%	-0.87%
According to industries					
Wholesale and retail	4,082,124,009.24	86.11%	4,044,141,582.04	84.56%	0.94%
Leasing and commercial services	417,157,357.85	8.80%	424,934,488.32	8.89%	-1.83%
Manufacturing	241,146,855.01	5.09%	313,091,662.33	6.55%	-22.98%
According to products					
Grain and oil trading and processing	4,229,578,137.45	89.22%	4,192,557,805.77	87.68%	0.88%
Grain and oil storage, logistics and services	377,567,473.64	7.96%	370,753,088.68	7.75%	1.84%
Food & beverage and tea processing	93,692,726.80	1.98%	164,675,438.60	3.44%	-43.10%
Leasing and others	39,589,884.21	0.84%	54,181,399.64	1.13%	-26.93%
According to region					
Domestic market	4,721,086,070.54	99.59%	4,759,541,751.29	99.53%	-0.81%
Exportation	19,342,151.56	0.41%	22,625,981.40	0.47%	-14.51%

About the industries, products, or regions accounting for over 10% of the Company's operating income or operating profit

√ Applicable □ Not applicable

In RMB

	Operating income	Operating cost	Gross profit ratio	Increase/decrease of operating income y-o-y	Increase/decrease of operating cost y-o-y	Increase/decrease of gross profit ratio y-o-y
According to industries						
Wholesale and retail	4,082,124,009.24	3,887,968,979.28	4.76%	0.94%	0.20%	0.70%
According to products						
Grain and oil trading and processing	4,229,578,137.45	4,025,765,438.00	4.82%	0.88%	0.12%	0.72%
According to region						

Domestic market	4,721,086,070.54	4,203,620,880.07	10.96%	-0.81%	-1.01%	0.09%
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Under circumstances of adjustment in reporting period for statistic scope of main business data, adjusted main business based on latest one year's scope of period-end

☐ Applicable ☒ Not applicable

Reasons for y-o-y relevant data with over 30% changes

☐ Applicable ☒ Not applicable

### III. Analysis of the non-main business

☒ Applicable ☐ Not applicable

In RMB

	Amount	Ratio in total profit	Causes	Whether be sustainable
Investment income	10,249,064.30	4.77%		Unsustainable
Gains/losses of fair value variation	-572,784.42	-0.27%		Unsustainable
Asset impairment	-95,290,043.04	-44.38%	Accrual of the reserve for falling prices of goods in stock. When selling the goods with falling prices accrual, the actual carrying forward of the reserves will be used to offset the current cost	Unsustainable
Non-operating income	1,358,799.58	0.63%		Unsustainable
Non-operating expense	5,186,666.30	2.42%		Unsustainable
Credit impairment	1,791,966.35	0.83%		Unsustainable

### IV. Assets and liability

#### 1. Major changes of assets composition

In RMB

	End of current period		End of period of last year		Ratio changes	Notes of major changes
	Amount	Ratio in	Amount	Ratio in		

		total assets		total assets		
Monetary fund	113,636,986.38	1.62%	189,914,485.39	2.95%	-1.33%	
Account receivable	185,328,954.02	2.64%	617,831,167.71	9.60%	-6.96%	The government service revenue for the whole year are received in advance in the period, receivables declined over that of period-begin, than the ratio in total assets declined from a year earlier
Inventory	3,447,047,574.38	49.04%	3,053,593,314.19	47.47%	1.57%	
Investment property	261,371,418.35	3.72%	278,173,249.83	4.32%	-0.60%	
Long-term equity investment	71,565,377.48	1.02%	73,362,651.19	1.14%	-0.12%	
Fix assets	1,081,579,471.16	15.39%	967,835,524.07	15.05%	0.34%	The food processing project of Shenliang Dongguan grain logistics nodes was completed and put into operation, which was transferred to fixed assets from construction in progress, then the fixed assets increased over that of period-begin, the ratio in total assets increased from a year earlier
Construction in process	749,918,300.15	10.67%	403,629,287.82	6.27%	4.40%	The project of Shenliang Dongguan grain logistics nodes and Shuangyashan grain source base project are put into operation makes the construction in process increased, then the ratio in total assets increased from a year earlier
Short-term loans	271,271,250.10	3.86%	30,590,000.00	0.48%	3.38%	Due to the temporary fund demand in the Period, short-term bank borrowing increased compared with the period-begin, ratio in total assets increased from a year earlier
Long-term	859,432,044.98	12.23%	777,384,100.20	12.09%	0.14%	The bank long-term borrowings for Shenliang Dongguan grain

loans						logistics nodes are increased at end of period, ratio in total assets increased on a y-o-y basis
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## 2. Assets and liability measured by fair value

√ Applicable □ Not applicable

In RMB

Items	Opening amount	Changes of fair value gains/losses in this period	Accumulative changes of fair value reckoned into equity	Devaluation of withdrawing in the period	Amount of purchase in the period	Amount of sale in the period	Other changes	Ending amount
Financial assets								
1. Trading financial assets (excluding derivative financial assets)	1,166,209.72	-572,784.42						593,425.30
Other non-current financial assets	57,500.00							57,500.00
Aforementioned total	1,223,709.72	-572,784.42						650,925.30
Financial liabilities	0.00							0.00

Content of other changes

Whether there have major changes on measurement attributes for main assets of the Company in report period or not

□ Yes √ No

## 3. The assets rights restricted till end of the period

Item	Ending book value (RMB)	Reasons for restriction
Intangible assets	34,717,752.71	According to the loan contract Yue DG 2017 NGDZ No. 006 signed by Dongguan Food Industry Park and Bank of Communications Co., Ltd. Dongguan Branch, Dongguan Food Industry Park mortgaged two pieces of land "DFGY (2009) DT No. 190" and "DFGY (2012) DT No. 152" to Bank of Communications Co., Ltd. Dongguan Branch as collateral for the loan.
Intangible assets	36,189,251.93	According to the long-term loan mortgage contract signed by Dongguan Logistics, a subsidiary of the Company, and Dongguan branch of

		Agricultural Development Bank, Dongguan Logistics mortgaged the land “Yue (2016) Dongguan Real Estate Property No. 0028527” of Jingang (S) Road, Zhangpeng Village, Machong Town, Dongguan City to Dongguan branch of Agricultural Development Bank as collateral for the loan.
Total	70,907,004.64	

## V. Investment Analysis

### 1. Overall situation

√ Applicable    □ Not applicable

Investment in reporting period (Yuan)	Investment in the same period of last year (Yuan)	Changes (+,-)
107,920,927.79	244,767,336.46	-55.91%

### 2.The major equity investment obtained in the reporting period

□Applicable    √Not applicable

### 3.The major non-equity investment carrying in the reporting period

√ Applicable    □Not applicable

In RMB

Item	Investment ways	Whether it is the fixed assets investment (Y/N)	Industry with the investment involved	Amount input in the period	Accumulated actual input as of the end of reporting period	Capital sources	Progress	Estimated revenue	Income accumulated at end of the reporting period	Reasons for failure to achieve planned progress and expected benefits	Disclosure date (if applicable)	Disclosure index (if applicable)
Dongguan Shenliang Logistics Co., Ltd.-	Self-build	Y	Storage and wharf	15,017,763.15	383,149,414.35	Owned Funds and	95.79%			The wharf project		

Grain storage and wharf complementary engineering						Bank Loans				started production later than expected		
Dongguan Shenliang Logistics Co., Ltd.-Grain storage and wharf complementary engineering (Phase II)	Self-built	Y	Storage and wharf	0.00	179,679,302.57	Owned Funds and Bank Loans	100.00%	46,800,000.00	27,473,192.06	-		
Dongguan Shenliang Logistics Co., Ltd.-Food logistics and wharf matching project	Self-built	Y	Warehouse logistics	9,770,458.02	56,920,692.93	Owned Funds and Bank Loans	11.57%			Adjustment of construction scheme		
Dongguan International Food Industrial Park Development Co., Ltd.-Warehouse logistic distribution center	Self-built	Y	Warehouse logistics	56,009,233.97	685,723,081.58	Owned Funds and Bank Loans	70.77%			Adjustment of construction scheme		
Dongguan Shenliang Oil & Food Trade Co.,	Self-built	Y	Flour processing	287,272.65	120,352,801.02	Owned Funds and	41.22%	3,900,000.00	-8,162,637.00	-		

Ltd.- Food processing project						Bank Loans						
Land use right	Self-build	N	Construction		243,997,060.82	Owned Funds				-		
Total	--	--	--	81,084,727.79	1,669,822,353.27	--	--	50,700,000.00	19,310,555.06	--	--	--

#### 4. Financial assets measured by fair value

√ Applicable □ Not applicable

In RMB

Assets type	Initial investment cost	Gain/loss of changes in fair value	Cumulative changes of fair value reckoned in equity	Amount purchased in the Period	Amount sold in the Period	Cumulative investment income	Amount at period-end	Capital Source
Stock	0.00	-572,784.42	0.00	0.00	0.00	0.00	593,425.30	Debt rescheduled shares
Other	57,500.00	0.00	0.00	0.00	0.00	0.00	57,500.00	The legal person's shares purchased from former STAQ trading system
Total	57,500.00	-572,784.42	0.00	0.00	0.00	0.00	650,925.30	--

#### 5. Financial assets investment

##### (1) Securities investment

√ Applicable □ Not applicable

Variety of securities	Code of securities	Short form of securities	Initial investment cost	Accounting measurement	Book value at the beginning of the	Gain/loss of changes in fair	Cumulative changes of fair value	Amount purchased in the Period	Amount sold in the Period	Profit and loss in the Reporting	Book value at the end of the period	Accounting subject	Capital Source
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				model	period	value	reckoned in equity	d	d	Period			
Domestic and overseas stock	000017	CBC-A	0.00	Fair value measurements	1,166,209.72	-572,784.42	0.00	0.00	0.00	-572,784.42	593,425.30	Tradable financial assets	Debt rescheduled shares
Total			0.00	--	1,166,209.72	-572,784.42	0.00	0.00	0.00	-572,784.42	593,425.30	--	--
Disclosure date of securities investment approval of the Board	Not applicable												
Disclosure date of securities investment approval of the Shareholder Meeting (if applicable)	Not applicable												

## (2) Derivative investment

☐ Applicable ☒ Not applicable

The Company has no derivatives investment in the Period

## VI. Sales of major assets and equity

### 1. Sales of major assets

☐ Applicable ☒ Not applicable

The Company had no sales of major assets in the reporting period.

### 2. Sales of major equity

☐ Applicable ☒ Not applicable

## VII. Analysis of main holding Company and stock-jointly companies

☒ Applicable ☐ Not applicable

Particular about main subsidiaries and stock-jointly companies net profit over 10%

In RMB

Company	Type	Main	Register	Total	Net assets	Operating	Operatin	Net profit
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name		business	capital	assets		income	g profit	
Shenzhen Cereals Group Co., Ltd	Subsidiary	Grain & oil trading processing, Grain and oil service	1,530,000,000.00	6,595,315,654.29	3,556,850,090.21	4,645,373,970.50	246,515,043.18	245,379,912.25
Shenzhen Hualian Grain and Oil Trading Co., Ltd.	Subsidiary	Grain & oil trading	31,180,000.00	1,160,190,600.16	193,934,337.86	1,552,436,650.25	39,164,893.82	38,988,713.46
Shenzhen Flour Co., Ltd	Subsidiary	Grain & oil trading processing	30,000,000.00	1,206,438,998.43	90,663,532.00	1,372,032,179.25	26,653,139.51	27,224,759.27

Particular about subsidiaries obtained or disposed in report period

☐ Applicable ☒ Not applicable

Explanation on main holding/stock-jointly enterprise:

Shenzhen Cereals Group Co., Ltd: Business scope: general business items- grain and oil purchase and sales, grain and oil storage and supply of military grain; grain and oil and products management and processing (operated by branches); operation and processing of feed (operated by outsourcing); investment in grain and oil, feed logistics projects; establishing grain and oil and feed trading market (including e-commerce market) (market license is also available); storage (operated by branches); development, operation and management of free property; providing management services for hotels; investing and setting up industries (specific projects are separately declared); domestic trade; engaging in import and export business; E-commerce and information construction; and grain circulation service. Licensed business items: the following projects shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: information services (internet information service only); general freight, professional transport (refrigerated preservation). Register capital was 1,530,000,000.00 Yuan. Ended as this period, total assets amounted as 6,595,315,654.29 Yuan, and net assets amounting to 3,556,850,090.21 Yuan, shareholders' equity attributable to parent Company is 3,366,577,406.94 Yuan; in the reporting period, achieved operation income, net profit and net profit attributable to shareholder of parent Company as 4,645,373,970.50 Yuan, 245,379,912.25 Yuan and 243,572,209.91 Yuan respectively.

Shenzhen Hualian Grain and Oil Trading Co., Ltd.: Business scope: general business items: domestic trade (except for projects that laws, administrative regulations, and decisions of the State Council require approval before registration); engaging in import and export business (except for projects prohibited by laws, administrative regulations, and decision of the State Council, restricted projects can be operated only after obtaining permission); online feed sales; information consultation, self-owned housing leasing (excluding talent agency services and other restricted items); international freight forwarding, domestic freight forwarding (can only be operated after being approved by the transport department if laws, administrative regulations, State Council decision require the approval of transport department); Licensed business items: following items shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: purchase and sale of grain and oil, online sales of grain and oil; information service business (internet information service business only). Register capital was 31,180,000.00 Yuan. Ended as this period, total assets amounted as 1,160,190,600.16 Yuan, and net assets amounting to 193,934,337.86 Yuan, shareholders' equity attributable to parent Company is 170,575,845.14 Yuan; in the reporting period, achieved operation income, net profit and net profit

attributable to parent Company as 1,552,436,650.25 Yuan, 38,988,713.46 Yuan and 39,080,493.87 Yuan respectively.

Shenzhen Flour Co., Ltd: business scope: general business items: hardware and electrical equipment, chemical products (excluding hazardous chemicals and restricted items), auto parts, purchase and sales of construction materials; self-operated import and export business (carry out according to the provisions of the registration certificate SMGDZZ No. 76); domestic trade (excluding franchise, exclusive control, monopoly commodities); wheat wholesale and retail. Licensed business items: following items shall be operated only with the relevant examination and approval documents if they are involved in obtaining approval: flour processing and production. Register capital was 30,000,000.00 Yuan. Ended as this period, total assets amounted as 1,206,438,998.43 Yuan, and net assets amounting to 90,663,532.00 Yuan, shareholders' equity attributable to parent Company is 90,663,532.00 Yuan; in the reporting period, achieved operation income, net profit and net profit attributable to parent Company as 1,372,032,179.25 Yuan, 27,224,759.27 Yuan and 27,224,759.27 Yuan respectively.

### **VIII. Structured vehicle controlled by the Company**

☐ Applicable ☒ Not applicable

### **IX. Prediction of business performance from January – September 2020**

Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation on reason

☐ Applicable ☒ Not applicable

### **X. Risks and countermeasures**

In 2020, the novel coronavirus pneumonia epidemic has been spreading worldwide, which has already caused an impact on the global economy, and international trade and industrial supply chains have been affected. In response to possible market and business risks, on the one hand, the company has made overall plans for the year's procurement, and actively expanded procurement channels to ensure sufficient grain supply and orderly supply. On the other hand, the company has continued to strengthen communication with upstream and downstream customers in the industry chain, vigorously expand sales channels, focus on customer needs, deepen brand and service, enhance the company's brand value and competitiveness, and minimize the impact of the epidemic on the company.

## Section V. Important Events

### I. Annual General Meeting and extraordinary shareholders general meeting held in this period

#### 1. AGM in the period

Sessions	Type	Investor participation (%)	Opening date	Disclosure date	Disclosure index
The First Interim Shareholders General Meeting of 2020	Interim Shareholders General Meeting	72.05%	2020-01-16	2020-01-17	Resolution Notice of The First Interim Shareholders General Meeting of 2020 of Shenzhen Cereals Holdings Co., Ltd. (Notice No.: 2020-01) released on Juchao website dated 17 Jan. 2020
2019 Annual general meeting	Annual general meeting	72.03%	2020-05-19	2020-05-20	Resolution Notice of AGM 2019 of Shenzhen Cereals Holdings Co., Ltd. (Notice No.: 2020-15) released on Juchao website dated 20 May 2019

#### 2. Request for extraordinary general meeting by preferred stockholders whose voting rights restore

☐ Applicable ☒ Not applicable

### II. Profit distribution plan and capitalizing of common reserves plan for the Period

☐ Applicable ☒ Not applicable

The Company plans not to carried out distribution of cash dividend, bonus shares and share converted from capital reserve either for the half year

### III. Commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies etc.

☐ Applicable ☒ Not applicable

There are no commitments completed in Period and those without completed till end of the Period from actual controller, shareholders, related parties, purchaser and companies etc.

#### IV. Appointment and non-reappointment (dismissal) of CPA

Whether the financial report has been audited or not

☐ Yes ☒ No

The financial report has not been audited

#### V. Explanation from Board of Directors and Supervisory Committee for “Qualified Opinion” that issued by CPA

☐ Applicable ☒ Not applicable

#### VI. Explanation from the BOD for “Qualified Opinion” of last year

☐ Applicable ☒ Not applicable

#### VII. Bankruptcy reorganization

☐ Applicable ☒ Not applicable

No bankruptcy reorganization for the Company in end of this period

#### VIII. Lawsuits

Significant lawsuits and arbitration

☐ Applicable ☒ Not applicable

No significant lawsuits and arbitration occurred in the reporting period

Other lawsuits

☒ Applicable ☐ Not applicable

Lawsuits (arbitration)	Amount involved (in 10 thousand Yuan)	Resulted an accrual liability (Y/N)	Progress	Trial result and influence	Execution of judgment	Disclosure date	Disclosure index
As of the second quarter of 2020, the litigation matters mainly including: Disputes over sales contract, principal-agent	7,675.24	No, the event is related to routine operation of the Company with minor amount. Judging from the progress of the case, relevant litigation do not constitute a	Relevant litigation-related matters are executed by legal dept. Of the Company and external laws firms. The matters will litigation	Judging from the litigation, it does not have a significant impact on the Company	In processing		Not applicable

contract disputes, infringement disputes, loan contract disputes and so on		significant impact on the Company	involved are carry out the promotion according to relevant process currently.				
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## IX. Media questioning

☐ Applicable ☒ Not applicable

During the reporting period, the company had no media generally questioned matters.

## X. Penalty and rectification

☐ Applicable ☒ Not applicable

No penalty and rectification for the Company in reporting period.

## XI. Integrity of the Company and its controlling shareholders and actual controllers

☐ Applicable ☒ Not applicable

## XII. Implementation of the Company's stock incentive plan, employee stock ownership plan or other employee incentives

☐ Applicable ☒ Not applicable

During the reporting period, the Company has no stock incentive plan, employee stock ownership plan or other employee incentives that have not been implemented.

## XIII. Major related transaction

### 1. Related transaction with routine operation concerned

☐ Applicable ☒ Not applicable

No related transaction occurred in the period with routine operation concerned

### 2. Assets or equity acquisition, and sales of assets and equity

☐ Applicable ☒ Not applicable

No related transaction concerning the asses or equity acquisition and sold at period

### 3. Related transaction of foreign investment

☐ Applicable ☒ Not applicable

No related transaction of foreign investment occurred at period

#### **4. Related credits and liabilities**

☐ Applicable    ☒ Not applicable

No related credits and liabilities occurred in period

#### **5. Other major related transaction**

☐ Applicable    ☒ Not applicable

No other major related transaction in the Period

### **XIV. Non-operational fund occupation from controlling shareholders and its related party**

☐ Applicable    ☒ Not applicable

No non-operational fund occupation from controlling shareholders and its related party in period.

### **XV. Significant contract and implementations**

#### **1. Trusteeship, contract and leasing**

##### **(1) Trusteeship**

☐ Applicable    ☒ Not applicable

No trusteeship for the Company in reporting period

##### **(2) Contract**

☐ Applicable    ☒ Not applicable

No contract for the Company in reporting period

##### **(3) Leasing**

☐ Applicable    ☒ Not applicable

No leasing in the Period

#### **2. Major Guarantee**

☒ Applicable    ☐ Not applicable

# (1) Guarantee

In 10 thousand Yuan

The company and its subsidiaries' external guarantees (not including guarantees to subsidiaries)								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Guarantee between the Company and subsidiary								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Guarantee between the subsidiaries								
Name of the Company guaranteed	Related Announcement disclosure date	Guarantee limit	Actual date of happening	Actual guarantee limit	Guarantee type	Guarantee term	Complete implementation or not	Guarantee for related party
Dongguan Shenliang Logistics Co., Ltd.		27,300	2015-07-13	19,083		8-year	N	Y
Dongguan Shenliang Logistics Co., Ltd.		10,200	2016-12-21	4,052		5-year	N	Y
Dongguan International Food Industrial Park Development Co., Ltd.		39,168	2018-07-27	27,213		14-year	N	Y
Dongguan Shenliang Logistics Co., Ltd.		21,930	2019-01-25	1,721		12-year	N	Y
Dongguan Shenliang Oil & Food Trade Co.,		11,883	2019-04-19	4,775		8-year	N	Y

Ltd.								
Total amount of approving guarantee for subsidiaries in report period (C1)		0		Total amount of actual occurred guarantee for subsidiaries in report period (C2)		1,423		
Total amount of approved guarantee for subsidiaries at the end of reporting period (C3)		110,481		Total balance of actual guarantee for subsidiaries at the end of reporting period (C4)		56,844		
Total amount of guarantee of the Company (total of three above mentioned guarantee)								
Total amount of approving guarantee in report period (A1+B1+C1)		0		Total amount of actual occurred guarantee in report period (A2+B2+C3)		1,423		
Total amount of approved guarantee at the end of report period (A3+B3+C2)		110,481		Total balance of actual guarantee at the end of report period (A4+B4+C4)		56,844		
The proportion of the total amount of actually guarantee in the net assets of the Company (that is A4+ B4+C4)				12.92%				
Including:								
Amount of guarantee for shareholders, actual controller and its related parties (D)				0				
The debts guarantee amount provided for the guaranteed parties whose assets-liability ratio exceed 70% directly or indirectly (E)				39,168				
Proportion of total amount of guarantee in net assets of the Company exceed 50% (F)				0				
Total amount of the aforesaid three guarantees (D+E+F)				39,168				

Explanation on compound guarantee

## (2) Illegal external guarantee

☐ Applicable ☒ Not applicable

No illegal external guarantee in the period

## 3. Trust financing

☒ Applicable ☐ Not applicable

In 10 thousand Yuan

Type	Capital sources	Amount occurred	Outstanding balance	Overdue amount
Bank financial products	Own funds	92,500	31,000	0



Total	92,500	31,000	0
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Details of the single major amount, or high-risk trust investment with low security, poor fluidity and non-guaranteed

☐Applicable ☒Not applicable

Entrust financial expected to be unable to recover the principal or impairment might be occurred

☐Applicable ☒Not applicable

#### 4. Other material contracts

☐Applicable ☒Not applicable

No other material contracts in the period.

## XVI. Social responsibility

### 1. Major environment protection

The listed Company and its subsidiary whether belong to the key sewage units released from environmental protection department

No

The company and its subsidiaries do not belong to the key pollutant discharge units announced by the environmental protection department.

### 2. Execution of social responsibility of targeted poverty alleviation

#### (1) Plan of targeted poverty alleviation

2020 is the ending year of decisive battle to overcome poverty and win a comprehensive well-off, Shenzhen Cereals Holdings continues to use the socialism with Chinese characteristics of Xi Jinping new era of as a guide, in accordance with spirit of the document of "Implementation Opinions on the Three-Year Plan for Poverty Alleviation in the New Period (Yuefa [2016] No. 13)" of the Guangdong Provincial Party Committee and the Provincial Government, and carried out the target poverty alleviation and relief work for Guilin Village, Yidu Town, Longchuang County, Heyuan City. The overall goal and task of Guilin Village's targeted poverty alleviation in 2020 is to: consolidated to ensure that 52 households with 142 people who have been lifted out of poverty have "two no worries and three guarantees", improved the living environment, increased the income of poor families, and raised the livable happiness index. In 2020, under the correct leadership of the Party Committee of SZCH, the village-resident-team of SZCH has implemented detailed epidemic prevention and control work, and carried out poverty alleviation tasks in an orderly manner, and taken multiple measures to open up income channels for poor households to consolidate and improve poverty alleviation achievements, and ensure that the fight against the epidemic and the poor are grasped with both hands and both are not missed, and win a comprehensive victory in the fight against poverty with the first demonstration standard.

#### (2) Summary of semi-annual targeted poverty alleviation

In the first half of 2020, Shenzhen Cereals Holdings invested 428,700 yuan in poverty alleviation funds (not including consolation money and goods and materials), and the introduction of special poverty alleviation funds of 380,000 yuan from the deep river headquarters. The funds are mainly used for the construction of public service facilities in Guilin Village, improving the rural living

environment, and increasing the income of the village collective and the poor.

Performance and aid effectiveness: Firstly, solidly promoted consumption poverty alleviation activities. Took consumption poverty alleviation actions as the starting point, organized and mobilized all parties in the society to actively participate in consumption poverty alleviation. Popularized and promoted the poverty alleviation product Guilin Tea through the "Zhen Poverty Alleviation" online e-commerce platform and offline channels, and jointly launched the "First Secretary Endorsement" activity with local TV stations to establish the brand image of "Guilin Tea", enhanced the brand awareness of poverty alleviation products, and expanded the tea sales for poor households. Secondly, consolidated the "company + cooperative + farmer + base" industrial assistance model to ensure that poor households increase production and income. Introduced a special poverty alleviation fund of 380,000 yuan to invest in Nanyuewang Company, a leading local tea company, and distributed dividends of 38,000 yuan each year to increase the income of the village collective and poor households. Thirdly, in terms of medical education, ensured that the economically disadvantaged villagers of Guilin Village participated in the new rural cooperative medical insurance, provided subsidies for major illnesses of poor households and organized fund-raising totaling 32,000 yuan to reduce the burden of treatment for poor households and prevent their return to poverty due to illness. Fourthly, strengthened teaching aid activities and purchased school supplies for students in Guilin primary school. Fifthly, in terms of public service facilities and infrastructure, 380,000 yuan was invested to purchase office equipment in the newly-built villager service center and to build a water purification pond to ensure safe drinking water for villagers.

### (3) Performance of targeted poverty alleviation

Target	Measurement unit	Numbers/ implementation
i. Overall	——	——
Including: 1. fund	10 thousand yuan	42.87
2. Material discount	10 thousand yuan	8.66
3.number of poverty-stricken populations eliminating poverty with card for archives established	Person	142
ii. Invested by specific project	——	——
1.Industrial development poverty	——	——
Including: 1.1Type	——	Other
1.2 numbers of industrial development poverty	Number	0
1.3Amount input	10 thousand yuan	0
1.4number of poverty-stricken population eliminating poverty with card for archives established	Person	0
2.Transfer employment	——	——
Including: 2.1 Amount input for vocation skills training	10 thousand yuan	0
2.2 Number of vocation skills training	Person-time	0

2.3 Number of poverty-stricken populations achieving employment with card for archives established	Person	0
3.Relocation the poor	——	——
Including: 3.1 Number of employed persons from relocated households	Person	0
4.Education poverty	——	——
Including: 4.1 Amount input for subsidizing the impoverished students	10 thousand yuan	0
4.2Number of subsidized poor student s	Person	0
4.3Amount input for improving the education resources in poverty-stricken areas	10 thousand yuan	0.42
5.Health poverty alleviation	——	——
Including: 5.1 Amount input for medical and health resources in poverty-stricken areas	10 thousand yuan	0.3
6.Ecological protection and poverty alleviation	——	——
Including: 6.1 Type	——	Carry out ecological protection and construction
6.2Amount input	10 thousand yuan	1.08
7.Fallback protection	——	——
Including: 7.1 Amount input for Three Stay Behind persons	10 thousand yuan	0
7.2Number of Three Stay Behind persons help	Person	0
7.3Amount input for poor disabled persons	10 thousand yuan	0
7.4Number of poor disabled persons help	Person	0
8.Social poverty alleviation	——	——
Including: 8.1Amount of the poverty alleviation cooperation between the Eastern and Western regions	10 thousand yuan	0
8.2Amount for targeted poverty alleviation	10 thousand yuan	0
8.3Amount for the poverty alleviation public welfare fund	10 thousand yuan	0
9.Other	——	——
Including: 9.1. number of items	Number	4
9.2. Amount input	10 thousand yuan	41.07

9.3. number of poverty-stricken populations eliminating poverty with card for archives established	Person	142
iii. Awards (content and grade)	—	—

#### (4) Follow-up of targeted poverty alleviation

2020 is the final year of the fight against poverty. SZCH will continue to follow Xi Jinping's new era of socialism with Chinese characteristics as the guiding ideology, implement the latest poverty alleviation policies of governments at all levels, strictly follow the requirements, do various poverty alleviation work, and scientifically plan and deploy to promote industrial development, improve the living environment, increase the economic income of the poor, and consolidate the effect of poverty alleviation. The first is to consolidate and implement the "two no worries, three guarantees" policy, pay close attention to the situation of poor households, and prevent return to poverty due to illness; the second is to take innovation measures to promote consumption poverty alleviation, explore and expand various sales channels to help sell Guilin tea; the third is to continue to invest in tea industry projects, implement the dividends of the invested industry projects, increase income for village collectives and poor households, and consolidate results; the fourth is to invest in infrastructure construction and living environment improvement projects, repair village-level roads and construct sewage outfalls to improve the quality of human living; the fifth is to help Guilin tea leave the village and enter the city, enhance brand awareness and promote local tea industry development through media promotion and exhibition promotion; the sixth is to do a good job of linking "precise poverty alleviation" and "rural revitalization" in an all-round way, and implement the results of assistance.

## XVII. Other major events

√ Applicable    □ Not applicable

### 1. Changes of directors, supervisors and senior executive

(1) The company held the eighth session of the tenth board of directors on February 28, 2020, which reviewed and approved the "Proposal on Appointment of the Company's Deputy General Manager" and agreed to appoint Mr. Xiao Hui as the company's deputy general manager, with term of office from the date of approval of the board meeting to the expiration of the company's tenth board of directors. For details, please refer to the "Announcement on Resolutions of the Eighth Session of the Company's Tenth Board of Directors" and "Announcement on the Appointment of Deputy General Managers of the Company" published on www.cninfo.com.cn on February 29, 2020. .

(2) The company received written resignation reports from the Deputy General Manager Mr. Cao Xuelin and the Board Secretary Mr. Du Jianguo on June 18, 2020. Due to job transfer, Mr. Cao Xuelin applied for resignation from the position of deputy general manager and Mr. Du Jianguo applied for resignation from the secretary of the company's board of directors. For details, please refer to the "Announcement on the Resignation of Senior Executives of the Company" published on www.cninfo.com.cn on June 19, 2020.

## XVIII. Significant event of subsidiary of the Company

□ Applicable    √ Not applicable

## Section VI. Changes in Shares and Particulars about Shareholders

### I. Changes in Shares

#### 1. Changes in shares

In Share

	Before the Change		Increase/Decrease in the Change (+, -)					After the Change	
	A mount	Proportion	New shares issued	Bonus shares	Capitalization of public reserve	Others	Subtotal	A mount	Proportion
I. Restricted shares	684,569,567	59.40%	0	0	0	31,575	31,575	684,601,142	59.40%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. State-owned corporate shares	684,569,567	59.40%	0	0	0	0	0	684,569,567	59.40%
3. Other domestic shares	0	0.00%	0	0	0	31,575	31,575	31,575	0.00%
Including: Domestic legal person's shares	0	0.00%	0	0	0	0	0	0	0.00%
Domestic nature person's shares	0	0.00%	0	0	0	31,575	31,575	31,575	0.00%
4. Foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
Including: Foreign corporate shares	0	0.00%	0	0	0	0	0	0	0.00%
Overseas nature person's share	0	0.00%	0	0	0	0	0	0	0.00%
II. Un-restricted shares	467,965,687	40.60%	0	0	0	-31,575	-31,575	467,934,112	40.60%
1. RMB common shares	416,216,407	36.11%	0	0	0	-31,575	-31,575	416,184,832	36.11%
2. Domestically listed foreign shares	51,749,280	4.49%	0	0	0	0	0	51,749,280	4.49%
3. Foreign listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	1,152,535,254	100.00%	0	0	0	0	0	1,152,535,254	100.00%

Reasons for share changed

☐ Applicable ☒ Not applicable

Approval of share changed

☐ Applicable ☒ Not applicable

Ownership transfer of share changed

☐ Applicable ☒ Not applicable

Progress of shares buy-back

☐ Applicable ☒ Not applicable

Implementation progress of the reduction of repurchases shares by centralized bidding

☐ Applicable ☒ Not applicable

Influence on the basic EPS and diluted EPS as well as other financial indexes of net assets per share attributable to common shareholders of Company in latest year and period

☐ Applicable ☒ Not applicable

Other information necessary to disclose or need to disclosed under requirement from security regulators

☐ Applicable ☒ Not applicable

## 2. Changes of restricted shares

☒ Applicable ☐ Not applicable

In Share

Shareholders' name	Number of shares restricted at Period-begin	Number of shares released in the Year	Number of new shares restricted in the Year	Number of shares restricted at Period-end	Restriction reasons	Released date
Ye Qingyun	0	0	31,575	31,575	Executives lock-in stocks	-
Total	0	0	31,575	31,575	--	--

## II. Securities issuance and listing

☐ Applicable ☒ Not applicable

## III. Amount of shareholders and particulars about shares holding

In Share

Total common stock shareholders in reporting period-end	63,329				Total preference shareholders with voting rights recovered at end of reporting period (if applicable) (found in note8)		0	
Particulars about shares held above 5% by common shareholders or top ten common shareholders								
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total common shares hold at the end of report period	Changes in report period	Amount of restricted common shares held	Amount of un-restricted common shares held	Number of share pledged/frozen	
							State	Amount

							of share	
Shenzhen Food Group Co., Ltd.	State-owned legal person	63.79%	735,237,253	0	669,184,735	66,052,518		
Shenzhen Agricultural Products Group Co., Ltd	State-owned legal person	8.23%	94,832,294	0	15,384,832	79,447,462		
Hong Kong Securities Clearing Company Limited	Foreign legal person	0.53%	6,057,114	5,200,188	0	6,057,114		
Lin Junbo	Domestic nature person	0.30%	3,500,000	1,015,550	0	3,500,000		
Shanghai Ruiting Asset Management Co., Ltd.-Shanghai Ruiting Better Life No. 2 Private Equity Investment Fund	Other	0.30%	3,442,929	3,442,929	0	3,442,929		
Sun Huiming	Domestic nature person	0.30%	3,436,462	0	0	3,436,462		
Gao Lizhi	Domestic nature person	0.19%	2,204,400	2,204,400	0	2,204,400		
Hu Xiangzhu	Domestic nature person	0.18%	2,079,000	-721,000	0	2,079,000		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	0.13%	1,472,625	0	0	1,472,625		
Zhang Jianmin	Domestic nature person	0.11%	1,272,039	1,272,039	0	1,272,039		
Strategy investors or general corporation comes top 10 common shareholders due to rights issue (if applicable) (see note 3)		N/A						
Explanation on associated relationship among the aforesaid shareholders		Shenzhen SASAC directly holds 100% equity of Fude Capital, and holds 34% of Agricultural Products indirectly through Fude Capital; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.						
Particular about top ten common shareholders with un-restrict shares held								
Shareholders' name		Amount of un-restrict common shares held at			Type of shares			

	Period-end	Type	Amount
Shenzhen Agricultural Products Group Co., Ltd	79,447,462	RMB common shares	79,447,462
Shenzhen Food Group Co., Ltd.	66,052,518	RMB common shares	66,052,518
Hong Kong Securities Clearing Company Limited	6,057,114	RMB common shares	6,057,114
Lin Junbo	3,500,000	RMB common shares	3,500,000
Shanghai Ruiting Asset Management Co., Ltd.-Shanghai Ruiting Better Life No. 2 Private Equity Investment Fund	3,442,929	RMB common shares	3,442,929
Sun Huiming	3,436,462	Domestically listed foreign shares	3,436,462
Gao Lizhi	2,204,400	RMB common shares	2,204,400
Hu Xiangzhu	2,079,000	RMB common shares	2,079,000
Central Huijin Asset Management Co., Ltd.	1,472,625	RMB common shares	1,472,625
Zhang Jianmin	1,272,039	RMB common shares	1,272,039
Expiation on associated relationship or consistent actors within the top 10 un-restrict shareholders and between top 10 un-restrict shareholders and top 10 shareholders	Shenzhen SASAC directly holds 100% equity of Fude Capital, and holds 34% of Agricultural Products indirectly through Fude Capital; the Company was not aware of any related relationship between other shareholders above, and whether they belonged to parties acting in concert as defined by the Acquisition Management Method of Listed Company.		
Explanation on top 10 shareholders involving margin business (if applicable) (see note 4)	<p>1. Shareholder - Shanghai Ruiting Asset Management Co., Ltd.-Shanghai Ruiting Better Life No. 2 Private Equity Investment Fund holds 3,442,929 shares of the Company under customer credit trading secured securities account through Everbright Securities Co., Ltd., common account holds 0 shares, and 3,442,929 shares are held in total at end of the Period. During the reporting period, the credit trading secured securities account has 3,442,929 shares increased, and no change in the common account, shares held are increased 3,442,929 shares in total.</p> <p>2. Shareholder Zhang Jianmin holds 1,272,039 shares of the Company under customer credit trading secured securities account through China Galaxy Securities Co., Ltd., common account holds 0 shares, and 1,272,039 shares are held by Zhang in total at end of the Period. During the reporting period, the credit trading secured securities account has 1,272,039 shares increased, and no change in the common</p>		



	account, shares held by Zhang are increased 1,272,039 shares in total.
--	--

Whether top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held have a buy-back agreement dealing in reporting period

☐ Yes ☒ No

The top ten common stock shareholders or top ten common stock shareholders with un-restrict shares held of the Company have no buy-back agreement dealing in reporting period.

#### **IV. Change of controlling shareholder or actual controller**

Change of controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

The Company had no changes of controlling shareholders in reporting period

Changes of actual controller in reporting period

☐ Applicable ☒ Not applicable

The Company had no changes of actual controller in reporting period

## **Section VII. Preferred Stock**

☐ Applicable    ☒ Not applicable

The Company had no preferred stock in the Period.

## **Section VIII. Convertible Bonds**

☐ Applicable    ☒ Not applicable

The Company had no convertible bonds in the Period.

## Section IX. Particulars about Directors, Supervisor and Senior Executives

### I. Changes of shares held by directors, supervisors and senior executives

☐ Applicable ☒ Not applicable

No change of shares held by directors, supervisors and senior executives, found more details in Annual Report 2019.

### II. Changes of directors, supervisors and senior executives

☒ Applicable ☐ Not applicable

Name	Position	Type	Date	Causes
Xiao Hui	Deputy GM	Appointment	2020-02-28	Appointment of the Board of Directors
Cao Xuelin	Deputy GM	Dismiss	2020-06-18	Job transfer
Du Jianguo	Secretary of the Board	Dismiss	2020-06-18	Job transfer

## **Section X. Corporate Bonds**

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due

No

## Section XI. Financial Report

### I. Audit reports

Whether the semi-annual report was audited or not

☐ Yes ☒ No

The financial report of this semi-annual report was unaudited

### II. Financial statements

Units in Notes of Financial Statements is RMB

#### 1. Consolidated Balance Sheet

Prepared by SHENZHEN CEREALS HOLDINGS CO., LTD.

2020-06-30

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	113,636,986.38	154,954,757.85
Settlement provisions		
Capital lent		
Tradable financial assets	593,425.30	1,166,209.72
Derivative financial assets		
Note receivable	642,379.62	1,909,720.38
Account receivable	185,328,954.02	338,687,766.68
Receivable financing		
Accounts paid in advance	33,657,139.19	9,202,930.71
Insurance receivable		
Reinsurance receivables		
Contract reserve of reinsurance receivable		
Other account receivable	28,304,818.99	25,758,695.07
Including: Interest receivable		
Dividend receivable		

Buying back the sale of financial assets		
Inventories	3,447,047,574.38	3,064,701,212.14
Contractual assets		
Assets held for sale		
Non-current asset due within one year		
Other current assets	406,438,818.52	468,174,380.40
Total current assets	4,215,650,096.40	4,064,555,672.95
Non-current assets:		
Loans and payments on behalf		
Debt investment		
Other debt investment		
Long-term account receivable		
Long-term equity investment	71,565,377.48	73,361,312.10
Investment in other equity instrument		
Other non-current financial assets	57,500.00	57,500.00
Investment real estate	261,371,418.35	269,704,937.17
Fixed assets	1,081,579,471.16	945,042,032.69
Construction in progress	749,918,300.15	771,971,469.43
Productive biological asset	392,540.38	397,386.56
Oil and gas asset		
Right-of-use assets		
Intangible assets	583,935,178.98	589,167,059.47
Expense on Research and Development		
Goodwill		
Long-term expenses to be apportioned	22,833,050.69	19,855,228.69
Deferred income tax asset	39,553,014.09	39,082,710.96
Other non-current asset	1,871,965.84	1,871,965.84
Total non-current asset	2,813,077,817.12	2,710,511,602.91
Total assets	7,028,727,913.52	6,775,067,275.86
Current liabilities:		

Short-term loans	271,271,250.10	23,595,000.00
Loan from central bank		
Capital borrowed		
Trading financial liability		
Derivative financial liability		
Note payable		
Account payable	173,070,931.77	266,123,470.98
Accounts received in advance	344,495,262.68	137,211,832.00
Contractual liability		
Selling financial asset of repurchase		
Absorbing deposit and interbank deposit		
Security trading of agency		
Security sales of agency		
Wage payable	169,772,163.54	195,076,576.55
Taxes payable	19,314,465.25	37,047,613.47
Other account payable	378,610,103.19	236,377,171.13
Including: Interest payable	802,489.86	1,411,457.29
Dividend payable	2,933,690.04	2,933,690.04
Commission charge and commission payable		
Reinsurance payable		
Liability held for sale		
Non-current liabilities due within one year	71,800,514.64	67,420,012.16
Other current liabilities	684,034.12	219,151,968.63
Total current liabilities	1,429,018,725.29	1,182,003,644.92
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	859,432,044.98	835,912,556.41
Bonds payable		
Including: Preferred stock		
Perpetual capital securities		



Lease liability		
Long-term account payable	15,990,925.48	15,856,950.01
Long-term wages payable		
Accrual liability	3,500,000.00	3,500,000.00
Deferred income	104,725,906.00	101,792,241.31
Deferred income tax liabilities	12,356,893.67	12,563,752.22
Other non-current liabilities		
Total non-current liabilities	996,005,770.13	969,625,499.95
Total liabilities	2,425,024,495.42	2,151,629,144.87
Owner's equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: Preferred stock		
Perpetual capital securities		
Capital public reserve	1,422,892,729.36	1,422,892,729.36
Less: Inventory shares		
Other comprehensive income		
Reasonable reserve		522.55
Surplus public reserve	350,187,601.06	350,187,601.06
Provision of general risk		
Retained profit	1,475,366,715.92	1,495,135,080.60
Total owner's equity attributable to parent company	4,400,982,300.34	4,420,751,187.57
Minority interests	202,721,117.76	202,686,943.42
Total owner's equity	4,603,703,418.10	4,623,438,130.99
Total liabilities and owner's equity	7,028,727,913.52	6,775,067,275.86

Legal Representative: Zhu Junming

Person in charge of accounting works: Jin Zhenyuan

Person in charge of accounting institute: Wen Jieyu

## 2. Balance Sheet of Parent Company

In RMB

Item	2020-6-30	2019-12-31
Current assets:		
Monetary funds	10,994,054.21	16,272,394.90
Trading financial assets	593,425.30	1,166,209.72
Derivative financial assets		
Note receivable		
Account receivable	92,783.85	7,967.34
Receivable financing		
Accounts paid in advance		
Other account receivable	1,242,937,209.15	994,149,247.39
Including: Interest receivable		
Dividend receivable	650,000,000.00	260,000,000.00
Inventories	2,921,434.85	2,954,343.26
Contractual assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	11,352,140.49	675,966.29
Total current assets	1,268,891,047.85	1,015,226,128.90
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investments	3,713,214,425.09	3,715,425,854.77
Investment in other equity instrument		
Other non-current financial assets		
Investment real estate	17,222,299.21	17,458,094.37
Fixed assets	31,050,928.00	31,382,741.25
Construction in progress		
Productive biological assets	392,540.38	397,386.56
Oil and natural gas assets		
Right-of-use assets		

Intangible assets	11,002,823.85	6,787,359.94
Research and development costs		
Goodwill		
Long-term deferred expenses	320,531.61	380,772.60
Deferred income tax assets		
Other non-current assets		
Total non-current assets	3,773,203,548.14	3,771,832,209.49
Total assets	5,042,094,595.99	4,787,058,338.39
Current liabilities		
Short-term borrowings		
Trading financial liability		
Derivative financial liability		
Notes payable		
Account payable	115,458.38	115,458.38
Accounts received in advance	3,137.80	3,137.80
Contractual liability		
Wage payable	19,545,073.44	17,230,138.89
Taxes payable	2,870,803.52	2,607,719.37
Other accounts payable	379,465,816.41	257,459,190.14
Including: Interest payable		
Dividend payable		
Liability held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	402,000,289.55	277,415,644.58
Non-current liabilities:		
Long-term loans		
Bonds payable		
Including: preferred stock		
Perpetual capital securities		
Lease liability		
Long-term account payable		
Long term employee		

compensation payable		
Accrued liabilities	3,500,000.00	3,500,000.00
Deferred income	44,466.04	45,020.68
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,544,466.04	3,545,020.68
Total liabilities	405,544,755.59	280,960,665.26
Owners' equity:		
Share capital	1,152,535,254.00	1,152,535,254.00
Other equity instrument		
Including: preferred stock		
Perpetual capital securities		
Capital public reserve	3,018,106,568.27	3,018,106,568.27
Less: Inventory shares		
Other comprehensive income		
Special reserve		
Surplus reserve	77,783,172.92	77,783,172.92
Retained profit	388,124,845.21	257,672,677.94
Total owner's equity	4,636,549,840.40	4,506,097,673.13
Total liabilities and owner's equity	5,042,094,595.99	4,787,058,338.39

### 3. Consolidated Profit Statement

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Total operating income	4,740,428,222.10	4,782,167,732.69
Including: Operating income	4,740,428,222.10	4,782,167,732.69
Interest income		
Insurance gained		
Commission charge and commission income		
II. Total operating cost	4,448,897,391.27	4,495,390,182.31
Including: Operating cost	4,219,403,828.80	4,262,101,770.62
Interest expense		
Commission charge and		

commission expense		
Cash surrender value		
Net amount of expense of compensation		
Net amount of withdrawal of insurance contract reserve		
Bonus expense of guarantee slip		
Reinsurance expense		
Tax and extras	4,334,418.54	6,605,514.20
Sales expense	109,796,698.11	112,553,742.74
Administrative expense	101,838,460.53	101,397,947.99
R&D expense	7,368,772.68	4,211,474.91
Financial expense	6,155,212.61	8,519,731.85
Including: Interest expenses	7,410,693.33	10,087,784.34
Interest income	1,735,133.50	2,185,171.96
Add: other income	10,824,560.17	5,463,876.60
Investment income (Loss is listed with “-”)	10,249,064.30	7,167,936.04
Including: Investment income on affiliated company and joint venture	366,989.43	3,413,100.95
The termination of income recognition for financial assets measured by amortized cost(Loss is listed with “-”)		
Exchange income (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Income from change of fair value (Loss is listed with “-”)	-572,784.42	28,381.21
Loss of credit impairment (Loss is listed with “-”)	1,791,966.35	5,143,559.77
Losses of devaluation of asset (Loss is listed with “-”)	-95,290,043.04	-69,231,423.42
Income from assets disposal	-10,598.38	-4,184.59

(Loss is listed with “-”)		
III. Operating profit (Loss is listed with “-”)	218,522,995.81	235,345,695.99
Add: Non-operating income	1,358,799.58	362,252.46
Less: Non-operating expense	5,186,666.30	3,982,019.95
IV. Total profit (Loss is listed with “-”)	214,695,129.09	231,725,928.50
Less: Income tax expense	2,465,268.63	15,485,294.03
V. Net profit (Net loss is listed with “-”)	212,229,860.46	216,240,634.47
(i) Classify by business continuity		
1.continuous operating net profit (net loss listed with ‘-’)	212,229,860.46	216,240,634.47
2.termination of net profit (net loss listed with ‘-’)		
(ii) Classify by ownership		
1.Net profit attributable to owner’s of parent company	210,738,686.12	203,168,850.61
2.Minority shareholders’ gains and losses	1,491,174.34	13,071,783.86
VI. Net after-tax of other comprehensive income		
Net after-tax of other comprehensive income attributable to owners of parent company		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(ii) Other comprehensive income		

items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
Net after-tax of other comprehensive income attributable to minority shareholders		
VII. Total comprehensive income	212,229,860.46	216,240,634.47
Total comprehensive income attributable to owners of parent Company	210,738,686.12	203,168,850.61
Total comprehensive income attributable to minority shareholders	1,491,174.34	13,071,783.86
VIII. Earnings per share:		
(i) Basic earnings per share	0.1828	0.1763
(ii) Diluted earnings per share	0.1828	0.1763

Enterprise combine under the same control in the Period, the combined party realized net profit of 0 Yuan before combination, and realized 0 Yuan at last period for combined party.

Legal Representative: Zhu Junming

Person in charge of accounting works: Jin Zhenyuan

Person in charge of accounting institute: Wen Jieyu

#### 4. Profit Statement of Parent Company

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Operating income	191,007.09	31,562,730.23
Less: Operating cost	250,130.28	29,829,293.00
Taxes and surcharge	115,899.05	252,634.47
Sales expenses	1,557.53	293,450.97
Administration expenses	27,299,132.94	21,614,585.82
R&D expenses		
Financial expenses	-137,521.80	-532,360.14
Including: interest expenses		
Interest income	131,202.58	
Add: other income	994,791.02	1,253,598.63
Investment income (Loss is listed with “-”)	392,812,575.88	1,432,614.92
Including: Investment income on affiliated Company and joint venture	-48,505.63	-135,033.88
The termination of income recognition for financial assets measured by amortized cost (Loss is listed with “-”)		
Net exposure hedging income (Loss is listed with “-”)		
Changing income of fair value (Loss is listed with “-”)	-572,784.42	28,381.21
Loss of credit impairment (Loss is listed with “-”)	-204,763.50	-204,340.76
Losses of devaluation of asset (Loss is listed with “-”)		409,117.45
Income on disposal of assets (Loss is listed with “-”)		
II. Operating profit (Loss is listed with “-”)	365,691,628.07	-16,975,502.44
Add: Non-operating income	357,590.00	
Less: Non-operating expense	5,090,000.00	



III. Total Profit (Loss is listed with “-”)	360,959,218.07	-16,975,502.44
Less: Income tax		58,289.47
IV. Net profit (Net loss is listed with “-”)	360,959,218.07	-17,033,791.91
(i)continuous operating net profit (net loss listed with “-”)		
(ii) termination of net profit (net loss listed with “-”)		
V. Net after-tax of other comprehensive income		
(I) Other comprehensive income items which will not be reclassified subsequently to profit of loss		
1.Changes of the defined benefit plans that re-measured		
2.Other comprehensive income under equity method that cannot be transfer to gain/loss		
3.Change of fair value of investment in other equity instrument		
4.Fair value change of enterprise's credit risk		
5. Other		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1.Other comprehensive income under equity method that can transfer to gain/loss		
2.Change of fair value of other debt investment		
3.Amount of financial assets re-classify to other comprehensive income		
4.Credit impairment provision for other debt investment		
5.Cash flow hedging		

reserve		
6.Translation differences arising on translation of foreign currency financial statements		
7.Other		
VI. Total comprehensive income	360,959,218.07	-17,033,791.91
VII. Earnings per share:		
(i) Basic earnings per share		
(ii) Diluted earnings per share		

## 5. Consolidated Cash Flow Statement

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	4,851,380,535.76	4,570,303,860.45
Net increase of customer deposit and interbank deposit		
Net increase of loan from central bank		
Net increase of capital borrowed from other financial institution		
Cash received from original insurance contract fee		
Net cash received from reinsurance business		
Net increase of insured savings and investment		
Cash received from interest, commission charge and commission		
Net increase of capital borrowed		
Net increase of returned business capital		
Net cash received by agents in sale and purchase of securities		

Write-back of tax received	2,634,408.13	341,886.74
Other cash received concerning operating activities	440,707,293.21	187,051,727.97
Subtotal of cash inflow arising from operating activities	5,294,722,237.10	4,757,697,475.16
Cash paid for purchasing commodities and receiving labor service	4,653,349,386.89	4,737,315,792.15
Net increase of customer loans and advances		
Net increase of deposits in central bank and interbank		
Cash paid for original insurance contract compensation		
Net increase of capital lent		
Cash paid for interest, commission charge and commission		
Cash paid for bonus of guarantee slip		
Cash paid to/for staff and workers	149,264,002.51	117,107,205.65
Taxes paid	37,068,103.68	36,670,126.83
Other cash paid concerning operating activities	445,430,382.87	256,033,980.28
Subtotal of cash outflow arising from operating activities	5,285,111,875.95	5,147,127,104.91
Net cash flows arising from operating activities	9,610,361.15	-389,429,629.75
II. Cash flows arising from investing activities:		
Cash received from recovering investment	464,500,000.00	376,000,000.00
Cash received from investment income	7,544,998.92	3,281,912.85
Net cash received from disposal of fixed, intangible and other long-term assets	19,988.32	5,225,078.07
Net cash received from disposal		

of subsidiaries and other units		
Other cash received concerning investing activities	337,500.00	
Subtotal of cash inflow from investing activities	472,402,487.24	384,506,990.92
Cash paid for purchasing fixed, intangible and other long-term assets	156,742,240.20	279,258,684.99
Cash paid for investment	385,000,000.00	246,000,000.00
Net increase of mortgaged loans		
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities	994,317.84	
Subtotal of cash outflow from investing activities	542,736,558.04	525,258,684.99
Net cash flows arising from investing activities	-70,334,070.80	-140,751,694.07
III. Cash flows arising from financing activities		
Cash received from absorbing investment		17,150,000.00
Including: Cash received from absorbing minority shareholders' investment by subsidiaries		17,150,000.00
Cash received from loans	833,803,914.65	275,167,400.91
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities	833,803,914.65	292,317,400.91
Cash paid for settling debts	558,227,673.50	70,544,523.73
Cash paid for dividend and profit distributing or interest paying	256,130,248.31	133,274,201.72
Including: Dividend and profit of minority shareholder paid by subsidiaries		
Other cash paid concerning financing activities	58,702.23	72,997.72
Subtotal of cash outflow from	814,416,624.04	203,891,723.17

financing activities		
Net cash flows arising from financing activities	19,387,290.61	88,425,677.74
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	18,647.57	31,791.79
V. Net increase of cash and cash equivalents	-41,317,771.47	-441,723,854.29
Add: Balance of cash and cash equivalents at the period -begin	154,954,757.85	631,638,339.68
VI. Balance of cash and cash equivalents at the period -end	113,636,986.38	189,914,485.39

## 6. Cash Flow Statement of Parent Company

In RMB

Item	2020 semi-annual	2019 semi-annual
I. Cash flows arising from operating activities:		
Cash received from selling commodities and providing labor services	124,032.00	74,116,410.44
Write-back of tax received	103,987.33	336,964.29
Other cash received concerning operating activities	279,260,229.55	138,446,106.95
Subtotal of cash inflow arising from operating activities	279,488,248.88	212,899,481.68
Cash paid for purchasing commodities and receiving labor service	12,742.23	67,845,729.08
Cash paid to/for staff and workers	15,199,812.23	14,152,467.36
Taxes paid	1,392,555.04	1,160,654.10
Other cash paid concerning operating activities	27,911,182.13	199,823,754.56
Subtotal of cash outflow arising from operating activities	44,516,291.63	282,982,605.10
Net cash flows arising from operating activities	234,971,957.25	-70,083,123.42

II. Cash flows arising from investing activities:		
Cash received from recovering investment	24,500,000.00	266,000,000.00
Cash received from investment income	524,005.56	1,567,648.80
Net cash received from disposal of fixed, intangible and other long-term assets		2,710.37
Net cash received from disposal of subsidiaries and other units		
Other cash received concerning investing activities	337,500.00	
Subtotal of cash inflow from investing activities	25,361,505.56	267,570,359.17
Cash paid for purchasing fixed, intangible and other long-term assets	5,054,670.76	483,680.00
Cash paid for investment	30,000,000.00	246,000,000.00
Net cash received from subsidiaries and other units obtained		
Other cash paid concerning investing activities		
Subtotal of cash outflow from investing activities	35,054,670.76	246,483,680.00
Net cash flows arising from investing activities	-9,693,165.20	21,086,679.17
III. Cash flows arising from financing activities		
Cash received from absorbing investment		
Cash received from loans		
Other cash received concerning financing activities		
Subtotal of cash inflow from financing activities		
Cash paid for settling debts		
Cash paid for dividend and profit distributing or interest paying	230,507,050.80	115,253,525.40

Other cash paid concerning financing activities	58,702.23	72,997.72
Subtotal of cash outflow from financing activities	230,565,753.03	115,326,523.12
Net cash flows arising from financing activities	-230,565,753.03	-115,326,523.12
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	8,620.29	90,359.07
V. Net increase of cash and cash equivalents	-5,278,340.69	-164,232,608.30
Add: Balance of cash and cash equivalents at the period -begin	16,272,394.90	168,900,586.84
VI. Balance of cash and cash equivalents at the period -end	10,994,054.21	4,667,978.54

## 7. Statement of Changes in Owners' Equity (Consolidated)

Current period

In RMB

Item	2020 semi-annual														
	Owners' equity attributable to the parent Company													Min ority inter ests	Tota l own ers' equit y
	Sha re cap ital	Other equity instrument			Capi tal reser ve	Less : Inve ntor y shar es	Othe r com preh ensi ve inco me	Reas onab le reser ve	Surp lus reser ve	Prov ision of gene ral risk	Reta ined profi t	Othe r	Subt otal		
		Pre fer red sto ck	Per pet ual cap ital sec urit ies	Ot her											
I. Balance at the end of the last year	1,152,535,254.00				1,422,892,729.36			522.55	350,187,601.06		1,495,135,080.60		4,420,751,187.57	202,686,943.42	4,623,438,130.99
Add: Changes of accounting policy															

Error correction of the last period															
Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	1,152,535.25				1,422,892,729.36			522,550	350,187,601.06		1,495,135,080.60		4,420,751,187.57	202,686,943.42	4,623,438,130.99
III. Increase/Decrease in this year (Decrease is listed with "-")								-522.55			-19,768,364.68		-19,768,887.23	34,174.34	-19,734,712.89
(i) Total comprehensive income											210,738,686.12		210,738,686.12	1,491,174.34	212,229,860.46
(ii) Owners' devoted and decreased capital															
1. Common shares invested by shareholders															
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution											-230,507.		-230,507.	-1,457.0	-231,964.



											050. 80		050. 80	00.0 0	050. 80
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-230 ,507, 050. 80		-230 ,507, 050. 80	-1,4 57,0 00.0 0	-231 ,964, 050. 80
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve								-522 .55					-522 .55		-522 .55

1. Withdrawal in the report period							574,618.41					574,618.41		574,618.41
2. Usage in the report period							575,140.96					575,140.96		575,140.96
(VI)Others														
IV. Balance at the end of the report period	1,152,535.25				1,422,892,729.36			350,187,601.06		1,475,366,715.92		4,400,982,300.34	202,721,117.76	4,603,703,418.10

Last Period

In RMB

Item	2019 semi-annual														
	Owners' equity attributable to the parent Company												Minority interests	Total owners' equity	
	Share capital	Other equity instrument			Capital reserve	Less : Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Provision of general risk	Retained profit	Other			Subtotal
		Preferred stock	Perpetual capital securities	Other											
I. Balance at the end of the last year	1,152,535,254.00				1,422,892,729.36			154,211	327,140,910.28		1,269,933,487.26		4,172,502,535.11	165,096,296.47	4,337,598,831.58
Add: Changes of accounting policy															
Error correction of the last period															

Enterprise combine under the same control															
Other															
II. Balance at the beginning of this year	1,152,535,254.00				1,422,892,729.36			154,219,910.28	327,140,910.28		1,269,933,487.26		4,172,502,535.11	165,096,296.47	4,337,598,831.58
III. Increase/Decrease in this year (Decrease is listed with "-")								62,255.35			87,915,325.21		87,977,580.56	30,221,783.85	118,199,364.41
(i) Total comprehensive income											203,168,850.61		203,168,850.61	13,071,783.85	216,240,634.46
(ii) Owners' devoted and decreased capital														17,150,000.00	17,150,000.00
1.Common shares invested by shareholders														17,150,000.00	17,150,000.00
2. Capital invested by holders of other equity instruments															
3. Amount reckoned into owners equity with share-based payment															
4. Other															
(III) Profit distribution											-115,253,525.40		-115,253,525.40		-115,253,525.40

1. Withdrawal of surplus reserves															
2. Withdrawal of general risk provisions															
3. Distribution for owners (or shareholders)											-115,253,525.40		-115,253,525.40		-115,253,525.40
4. Other															
(IV) Carrying forward internal owners' equity															
1. Capital reserves converted to capital (share capital)															
2. Surplus reserves converted to capital (share capital)															
3. Remedying loss with surplus reserve															
4. Carry-over retained earnings from the defined benefit plans															
5. Carry-over retained earnings from other comprehensive income															
6. Other															
(V) Reasonable reserve								62,255.35					62,255.35		62,255.35

1. Withdrawal in the report period							460,394.34					460,394.34		460,394.34
2. Usage in the report period							398,138.99					398,138.99		398,138.99
(VI)Others														
IV. Balance at the end of the report period	1,152,535.25				1,422,892.72		62,409.56	327,140.91		1,357,848.81		4,260,480.11	195,318,080.32	4,455,798.195.9

## 8. Statement of Changes in Owners' Equity (Parent Company)

Current period

In RMB

Item	2020 semi-annual											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Preferred stock	Perpetual capital securities	Other								
I. Balance at the end of the last year	1,152,535,254.00				3,018,106,568.27				77,783,172.92	257,672,677.94		4,506,097,673.13
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,152,535,254.00				3,018,106,568.27				77,783,172.92	257,672,677.94		4,506,097,673.13

	0									94		
III. Increase/Decrease in this year (Decrease is listed with “-”)										130,452,167.27		130,452,167.27
(i) Total comprehensive income										360,959,218.07		360,959,218.07
(ii) Owners’ devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution										-230,507,050.80		-230,507,050.80
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-230,507,050.80		-230,507,050.80
3. Other												
(IV) Carrying forward internal owners’ equity												
1. Capital reserves												

converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in the report period												
(VI) Others												
IV. Balance at the end of the report period	1,152,535,254.00				3,018,106,568.27				77,783,172.92	388,124,845.21		4,636,549,840.40

Last Period

In RMB

Item	2019 semi-annual											
	Share capital	Other equity instrument			Capital public reserve	Less: Inventory shares	Other comprehensive income	Reasonable reserve	Surplus reserve	Retained profit	Other	Total owners' equity
		Prefere d stock	Perpetual capital securities	Other								

I. Balance at the end of the last year	1,152,525.40				3,018,106.568.27				54,736,482.14	165,505,986.31		4,390,884,290.72
Add: Changes of accounting policy												
Error correction of the last period												
Other												
II. Balance at the beginning of this year	1,152,525.40				3,018,106.568.27				54,736,482.14	165,505,986.31		4,390,884,290.72
III. Increase/Decrease in this year (Decrease is listed with "-")										-132,287,317.31		-132,287,317.31
(i) Total comprehensive income										-17,033,791.91		-17,033,791.91
(ii) Owners' devoted and decreased capital												
1.Common shares invested by shareholders												
2. Capital invested by holders of other equity instruments												
3. Amount reckoned into owners equity with share-based payment												
4. Other												
(III) Profit distribution										-115,253,525.40		-115,253,525.40



										0		
1. Withdrawal of surplus reserves												
2. Distribution for owners (or shareholders)										-115,253,525.40		-115,253,525.40
3. Other												
(IV) Carrying forward internal owners' equity												
1. Capital reserves converted to capital (share capital)												
2. Surplus reserves converted to capital (share capital)												
3. Remedying loss with surplus reserve												
4. Carry-over retained earnings from the defined benefit plans												
5. Carry-over retained earnings from other comprehensive income												
6. Other												
(V) Reasonable reserve												
1. Withdrawal in the report period												
2. Usage in												

the report period												
(VI)Others												
IV. Balance at the end of the report period	1,15 2,53 5,25 4.00				3,018, 106,5 68.27				54,73 6,482 .14	33,218, 669.00		4,258,59 6,973.41

### III. Basic situation of Company

Shenzhen Cereals Holdings Co., Ltd. (formerly the Shenzhen Shenbao Industrial Co., Ltd., hereinafter referred to as “Company” or “the Company” ), formerly named Shenzhen Shenbao Canned Food Company, obtained approval (Document (1991) No.978) from Shenzhen Municipal People’s Government to change to the name as Shenzhen Shenbao Industrial Co., ltd. on 1 August 1991. Then with the approval (Document (1991)No.126) from People’s Bank of China, the Company began to list on Shenzhen Stock Exchange. The Company belongs to the grain, oil, food and beverage industry.

As of 30 June 2020, the cumulative amount of shares issued by the Company was 1,152,535,254 shares with registered capital of 1,152,535,254.00 yuan. Registered address: Shenzhen, Guangdong Province; HQ of the Company: 8/F, Tower B, No.4 Building, Software Industry Base, South District, Science & Technology Park, Xuefu Rd., Yuehai Street, Nanshan District, Shenzhen. Main business of the Company: general operating items: Purchase and sales of grain and oil, grain & oil reserves; operation and processing of grain & oil products; production of tea, tea products, tea and natural plant extract, canned foods, beverages and native products (business license of the production place shall be separately applied for); feed management and processing (outsourcing); investment, operation and development of grain & oil logistics, feed logistics and tea garden etc.; sales of feed and tea; warehousing services; food circulation services; modern food supply chain services; technology development and services of grain & oil, tea, plant products, soft drinks and foods; construction of E-commerce and information, IT development and supporting services; industrial investment (specific items will be declared separately); domestic trade; operating the import and export business; engaged in real estate development and operation on the lands where the right-to-use has been legally acquired; development, operation, leasing and management of the own property; property management; providing management services to hotels.(items mentioned above which are involved in approval from national laws, administrative regulations and decision of the state council, must be submitted for examination and approval before operation ). Licensed business item: wholesale of prepackaged food (excluding reheating prepackaged food) (in non-physical way); information service (internet information service only); general freight, professional transportation (refrigeration and fresh-keeping). Parent enterprise of the Company: Shenzhen Food Group Co., Ltd.; actual controller of the Company: Assets Supervision and Administration Commission of Shenzhen municipal People’s Government.

The financial statement has been approved by BOD of the company for reporting on 24 August 2020.

Up to 30 June 2020, the subsidiaries included in consolidate financial statement, mainly including:

Subsidiary	Type	Level	Shareholding ratio (%)	Voting rights ratio (%)
Shenzhen Shenbao Huacheng Technology Co., Ltd. (hereinafter referred to as Shenbao Huacheng )	Wholly-owned subsidiary	First grade	100	100
Wuyuan Ju Fang Yong Tea Industry Co., Ltd. (hereinafter referred to as Wuyuan Ju Fang Yong )	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Shenbao Sanjing Food and Beverage Development Co., Ltd.(hereinafter referred to as Shenbao Sanjing )	Wholly-owned subsidiary	First grade	100	100
Huizhou Shenbao Technology Co., Ltd(hereinafter referred to as Huizhou Shenbao Technology )	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenbao Property Management Co., Ltd(hereinafter referred to as Shenbao Property )	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenbao Industrial & Trading Co., Ltd(hereinafter referred to as Shenbao Industrial & Trading)	Wholly-owned subsidiary	First grade	100	100
Hangzhou Ju Fang Yong Holding Co., Ltd(hereinafter referred to as Hangzhou Ju Fang Yong)	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Shenbao Technology Center Co., Ltd(hereinafter referred to as Shenbao Technology Center)	Wholly-owned subsidiary	First grade	100	100
Shenzhen Shenshenbao Investment Co., Ltd.(hereinafter referred to as Shenbao Investment)	Wholly-owned subsidiary	First grade	100	100
Yunnan Shenbao Pu'er Tea Supply Chain Management Co., Ltd(hereinafter referred to as Pu'er Tea Supply Chain )	Wholly-owned subsidiary	Second grade	100	100
Huizhou Shenbao Food Co., Ltd(hereinafter referred to as Huizhou Shenbao Food )	Wholly-owned subsidiary	Second grade	100	100
Yunnan Pu'er Tea Trading Center Co., Ltd( hereinafter referred to as Pu'er Tea Trading Cente)	Controlling subsidiary	Second grade	55	55

Mount Wuyi Shenbao Rock Tea Co., Ltd( hereinafter referred to as Shenbao Rock Tea)	Wholly-owned subsidiary	Second grade	100	100
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd(hereinafter referred to as Fuhaitang Ecological)	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Shenshenbao Tea Culture Management Co., Ltd(hereinafter referred to as Shenshenbao Tea Culture)	Wholly-owned subsidiary	Second grade	100	100
Hangzhou Ju Fang Yong Trading Co., Ltd. (hereinafter referred to as Ju Fang Yong Trading)	Controlling subsidiary	Third grade	60	60
Shenzhen Shenbao Tea-Shop Co., Ltd(hereinafter referred to as Shenbao Tea-Shop)	Wholly-owned subsidiary	Second grade	100	100
Hangzhou Fuhaitang Catering Management chain Co., Ltd(hereinafter referred to as Fuhaitang Catering )	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Cereals Group Co., Ltd( hereinafter referred to as SZCG)	Wholly-owned subsidiary	First grade	100	100
Shenzhen Flour Co., Ltd( hereinafter referred to as Shenzhen Flour )	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Hualian Grain and Oil Trading Co., Ltd.( hereinafter referred to as Hualian Company)	Wholly-owned subsidiary	Second grade	100	100
Hainan Haitian Aquatic Feed Co., Ltd(hereinafter referred to as Hainan Haitian )	Wholly-owned subsidiary	Second grade	100	100
Shenliang Quality Inspection Co., Ltd. ( hereinafter referred to as Shenliang Quality Inspection )	Wholly-owned subsidiary	Second grade	100	100
Shenliang Doximi Business Co., Ltd. ( hereinafter referred to as Doximi )	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Shenliang Cold Chain Logistics Co., Ltd.( hereinafter referred to as Shenliang Cold Chain )	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Shenliang Big Kitchen Food Supply Chain Co., Ltd( hereinafter referred to as Big Kitchen )	Controlling subsidiary	Second grade	70	70
Shenzhen Shenliang Property Development Co., Ltd.( hereinafter referred to as Shenliang Property)	Wholly-owned subsidiary	Second grade	100	100
Shenzhen Shenliang Property Management Co.,	Wholly-owned	Third	100	100

Ltd. (hereinafter referred to as Shenliang Property)	subsidiary	grade		
Shenliang Storage (Yingkou) Co., Ltd.(hereinafter referred to as Shenliang Storage (Yingkou) )	Wholly-owned subsidiary	Third grade	100	100
Dongguan Shenliang Logistics Co., Ltd.( hereinafter referred to as Dongguan Logistics)	Controlling subsidiary	Second grade	51	51
Dongguan International Food Industrial Park Development Co., Ltd.( hereinafter referred to as Dongguan Food Industrial Park)	Controlling subsidiary	Third grade	51	51
Dongguan Shenliang Oil & Food Trade Co., Ltd. (hereinafter referred to as Dongguan Food Trade)	Controlling subsidiary	Third grade	51	51
Dongguan Jinying Biology Tech. Co., Ltd. (hereinafter referred to as Dongguan Jinying)	Controlling subsidiary	Third grade	51	51
Shuangyashan Shenliang Zhongxin Cereals Base Co., Ltd.(hereinafter referred to as Shuangyashan Shenliang Zhongxin )	Controlling subsidiary	Third grade	51	51
Heilongjiang Hongxinglong Nongken Shenxin Cereals Industrial Park Co., Ltd. (hereinafter referred to as Hongxinglong Nongken Industrial Park)	Controlling subsidiary	Fourth grade	51	51

Change of the consolidate scope found more in Note VIII. Change of consolidate scope and Note IX. Equity in other entity

## IV. Basis of preparation of financial statements

### 1. Basis of preparation

Based on going concern, and according to actual occurrence of transactions and issues, the Company prepared the financial statement in line with the Accounting Standards for Business Enterprise -Basic Standard issued by Ministry of Finance and specific accounting principle as well as the application guidance for the accounting principles for enterprise, interpretation to the accounting principles for enterprise and other related requirements (hereinafter referred to as Accounting Standards for Business Enterprise), combining the Information Disclosure Preparation Rules for Company Public Issuing Securities No.15-General Rules for Financial Report of the CSRC

### 2. Going concern

The Company was evaluated on continued viability of 12 months for the reporting period and found to have no significant doubt. Accordingly, the financial statements have been prepared on the basis of going concern assumptions.

## **V. Major accounting policy, accounting estimation**

Specific accounting policies and estimation attention:

N/A

### **1. Statement for observation of Accounting Standard for Business Enterprise**

The financial statements prepared by the Company are in accordance to requirements of Accounting Standard for Business Enterprise issued by Ministry of Finance, which truly and completely reflect the financial status of the Company and parent company on 30 June 2020, as well as the consolidate and parent company's operational results and cash flow for first half year of 2020.

### **2. Accounting period**

Calendar year is the accounting period for the Company, that is falls to the range starting from 1 January to 31 December.

### **3. Operating cycle**

Operating cycle of the Company was 12 months

### **4. Standard currency**

The Company and its subsidiaries take RMB as the standard currency for bookkeeping.

### **5. Accounting treatment for business combinations under the same control and those not under the same control**

Business combination under the same control: The assets and liabilities the Company acquired in a business combination shall be measured in accordance with book value of assets, liabilities (including the ultimate controlling party of goodwill acquired by the merging parties and the formation of) stated in combined financial report of the ultimate controlling party on the merger date. The net book value of assets and the payment of the merger consideration in the merger book value (or nominal value of shares issued) shall be adjusted in the share premium of reserve capital. the share premium in capital reserve is not enough for deducting, retained earnings .

Business combination not under the same control: Assets paid and liabilities taken for business combination on

the acquisition date shall be measured at fair value. The difference between the fair value and book value is recognized in profit or loss. Goodwill is realized by the Company as for the difference between the combination cost and the fair value of the recognizable net assets of the acquiree acquired by acquirer in such business combination. In case that the above cost is less than the above fair value even with re-review, then the difference shall be recorded in current gains and losses.

The directed expenses incurred in the business combination are recorded into current gains/losses; the trading fees for issuing equity securities or debt securities for the business combination shall be recorded into the initial confirmation amount of equity securities or debt securities.

## **6. Methods for preparation of consolidated financial statements**

### **6.1 Consolidated scope**

The consolidation scope of the consolidated financial statements of the Company is fixed on the basis of control, which includes the Company and all subsidiaries.

### **6.2 Consolidated procedure**

The Company edits the consolidated financial statements based on its own financial statements and the subsidiaries', as well as other relevant information. The consolidated financial statements hold the enterprise group as a whole accounting entity. It is recognized in accordance with relevant Accounting Standards, measurement and presentation requirements. Uniform accounting policies reflect the overall financial position of the Group's business, operating results and cash flow.

The accounting policies and accounting period adopted by the subsidiaries taken into account of the consolidation scope are in line with the Company. If it is not the same as the Company, necessary adjustments will be made when preparing consolidated financial statements according to the accounting policy and accounting period of the Company. For the subsidiaries acquired through business combination under uncommon control, financial statements shall be adjusted based on the fair value of the identifiable net assets on acquiring date. For the subsidiaries acquired through business combination under common control, its assets and liabilities (including goodwill formed from ultimate controlling party acquiring the subsidiary to) shall be adjusted based on the book value in the financial statements of the ultimate controlling party.

Subsidiary's equity, current net profits or losses and current comprehensive income belonging to minority shareholders shall be listed respectively under item of owners' equity in the consolidated balance sheet, item of net profit in profit sheet and item of total comprehensive income. Current loss minority shareholders of a subsidiary exceed the minority shareholders in the subsidiary's opening owners' equity share and the formation of balance, offset against minority interests.

(1) Increase of subsidiary or business

During the reporting period, the merger of the enterprises under the same control results in additional subsidiaries or business, then adjust the opening amount of consolidated balance sheet; income, expenses and profit of the subsidiaries or business from beginning to the end of the reporting shall be included in the consolidated profit statement; cash flows of the subsidiaries or business from beginning to the end of reporting period shall be included into the consolidated cash flow statement. And relevant comparative items of comparable statement shall be adjusted since reporting entity is controlled by the ultimate controller.

If additional investment and other reasons can lead investee to be controlled under the same control, all parties shall be adjusted at the beginning when the ultimate controlling party starts control. Equity investments made before obtaining controlling right, relevant gains and losses and other comprehensive income as well as other changes in net assets confirmed during the latter date between point obtaining original equity and combined party and combinee under the same control day to the combined day, shall be offset against the retained earnings or profit or loss of the comparative reporting period.

During the reporting period, opening amount of consolidated balance sheet shall not be adjusted since enterprise under different control combine or increase holding of subsidiary or business; the income, expense and profit of the subsidiaries or business from the acquisition date to the end of reporting period shall be included in the consolidated profit statement; while cash flows shall be included into the consolidated cash flow statement.

Equity held from investee before acquisition date shall be measured at fair value of acquisition date if additional investment and other reasons can lead investee to be controlled under the same control. Difference between the fair value and the book value is recognized as investment income. other comprehensive income and other owners' equity except for net profit or loss, other comprehensive income and the distribution of profits related to equity held from investee before acquisition date, as well as relevant other comprehensive income associated with all other by changes in equity shall be included in current investment income, except for other comprehensive income arising from change of net assets or net liabilities redefined by investee.

## (2) Disposal of subsidiaries or business

### ① The general approach

During the reporting period, the Company carry out disposal of subsidiaries or business, revenue, expense and profit of the subsidiary or business included in the consolidated profit statement from the beginning to the disposal date; while the cash flow into cash flow table.

If losing controlling right to investee due to disposal of partial equity, the remaining equity after the disposal shall be re-measured at fair value at the date when control is lost. Price of equity disposal plus fair value of the remaining equity, then subtracting net assets held from the former subsidiary from the acquisition date or combination date initially measured in accordance with original stake and goodwill, the difference shall be included in investment income of the period losing controlling right. other comprehensive income and other owners' equity except for net profit or loss, other comprehensive income and the distribution of profits related to



equity held from investee before acquisition date, as well as relevant other comprehensive income associated with all other by changes in equity shall be included in current investment income, except for other comprehensive income arising from change of net assets or net liabilities redefined by investee.

If the Company's shareholding ratio declines and thus loses the control power due to other investors' capital increase in the subsidiaries, accounting treatment shall be conducted in accordance with the above principles.

## ② Step disposal of subsidiaries

As multiple transactions over disposal of the subsidiary's equity lead to loss of controlling right, if the terms of the transaction, situation and economic impact subject to one or above of the following conditions, usually it indicates repeated transactions should be accounted for as a package deal:

- i. These transactions are made considering at the same time or in the case of mutual impact;
- ii. These transactions only reach a complete business results when as a whole;
- iii. A transaction occurs depending on the occurrence of at least one other transaction;
- iv. Single transaction is not economical, but considered together with other transactions it is economical.

If disposal of equity in subsidiaries lead the loss of control and the transactions can be seen as a package deal, the Company will take accounting treatment of the transaction; however, before the loss of control the difference between the disposal price and the corresponding net assets of the subsidiary, recognized as other comprehensive income in the consolidated financial statements, into current profit and loss at current period when losing controlling right.

If disposal of equity in subsidiaries lead the loss of control and the transactions doesn't form a package deal, equity held from subsidiary shall be accounted in accordance with relevant rules before losing controlling right, while in accordance with general accounting treatment when losing controlling right.

## (3) Purchase of a minority stake in the subsidiary

Long-term equity investment of the Company for the purchase of minority interests in accordance with the newly acquired stake in the new calculation shall be entitled to the difference between the net assets from the acquisition date (or combination date) initially measured between the consolidated balance sheet adjustment capital balance of the share premium in the capital reserve share premium insufficient, any excess is adjusted to retained earnings.

## (4) Disposal of equity in subsidiary without losing control

Disposal price and disposal of long-term equity investment without a loss of control due to partial disposal of subsidiaries and long-term equity investment made between the relative net assets from the purchase date or the date of merger were initially measured at the difference between the subsidiary shall enjoy, the consolidated balance sheet adjustment in the balance of the share premium, capital balance of the share premium insufficient, any excess is adjusted to retained earnings.

## **7. Classification of joint venture arrangement and accounting for joint operations**

Joint venture arrangements are divided into joint operations and joint ventures.

When the Company is a joint venture party of a joint venture arrangement and enjoys the relevant assets of the arrangement and bears the liabilities related to the arrangement, it is a joint operation.

The Company recognizes its proportion of interests in joint operation as related to the Company, and accounts for under relevant business accounting principles:

- (1) To recognize separately-held assets and jointly-held assets under its proportion;
- (2) To recognize separately-assumed liabilities and jointly-assumed liabilities under its proportion;
- (3) To recognize revenue from disposal of the output which the Company is entitled to under the proportion;
- (4) To recognize revenue from disposal of the output under the proportion;
- (5) To recognize separately occurred expenses, and to recognize expenses occurred for joint operations under its proportion.

## **8. Recognition standards for cash and cash equivalents**

When preparing cash flow statement, the Company recognized the stock cash and deposits available for payment at any time as cash, and investments featuring with the following four characters at the same time as cash equivalents: short term (expire within 3 months commencing from purchase day), active liquidity, easy to convert to already-known cash, and small value change risks.

## **9. Foreign currency business and conversion of foreign currency statement**

### **(1) Foreign currency business**

The foreign currency business uses the spot exchange rate on the transaction date as the conversion rate to convert the foreign currency amount into RMB.

The balance of foreign currency monetary items on the balance sheet date is converted at the spot exchange rate on the balance sheet date. The resulting exchange differences, except that the balance of exchange generated from the foreign currency special borrowings related to the assets whose acquisition and construction are eligible for capitalization is disposed in accordance with the principle of borrowing costs capitalization, are included in the current profit and loss.

### **(2) Conversion of foreign currency financial statements**

Assets and liabilities in the balance sheet are converted at the spot exchange rate on the balance sheet date; except for the “undistributed profit” item, other items of the owner's equity items are converted at the spot exchange rate at the time of occurrence. Income and expense items in the income statement are converted at the spot exchange

rate on the transaction date.

When disposing an overseas operation, the translation difference of the foreign currency financial statements related to the overseas operation is transferred from the owner's equity items to the disposal of the current profit and loss.

## **10. Financial instruments**

Financial instruments include financial assets, financial liabilities and equity instruments.

### **(1) Categories of financial instruments**

According to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, at initial recognition, the Company classifies the financial assets into the financial assets measured at amortized cost, the financial assets(debt instrument) measured at fair value and whose changes are included in other comprehensive income, and the financial assets measured at fair value and whose changes are included in current gain or loss.

The financial assets of which the business model aims at the collection of contractual cash flow and the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal amount are classified as financial assets measured at amortized cost. The financial assets of which the business model aims not only at the collection of contractual cash flow but also at selling the financial assets and the contractual cash flow is only the payment of the principal and the interest based on the outstanding principal amount are classified as financial assets measured at fair value and whose changes are included in other comprehensive income (debt instruments). Other financial assets other than this are classified as financial assets measured at fair value and whose changes are included in current profit and loss.

For non-trading equity instrument investment, the Company determines whether it is designated as a financial asset (equity instrument) measured at fair value and whose changes are included in other comprehensive income at the initial recognition. In the initial recognition, in order to eliminate or significantly reduce accounting mismatches, financial assets can be designated as financial assets measured at fair value and whose changes are included in current profit and loss.

In the initial recognition, financial liabilities are classified as the financial liabilities measured at fair value and whose changes are included in current profit and loss and the financial liabilities measured at amortized cost.

Financial liabilities that meet one of the following conditions can be designated as financial liabilities measured at fair value and whose changes are included in current profit and loss in the initial measurement:

1) The designation can eliminate or significantly reduce accounting mismatches.

2) According to the enterprise risk management or investment strategy specified in the official written document, manage and make performance evaluation of the financial liability portfolio or financial assets and financial liability portfolio based on fair value, and report to the key management personnel based on this.

3) The financial liability includes embedded derivatives that need to be separately split.

## **(2) Recognition and measurement for financial instrument**

### **1) Financial assets measured at amortized cost**

Financial assets measured at amortized cost include notes receivable, accounts receivable, other receivables, long-term receivables, and debt investment, which are initially measured at fair value, and related transaction costs are included in the initial recognition amount. The accounts receivable not including major financing components and the accounts receivable that the Company decides not to consider the financing component of not more than one year are initially measured at the contract transaction price.

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When recovering or disposing, the difference between the price obtained and the book value of the financial asset is included in the current profit and loss.

### **2) Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income**

Financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income, including receivables financing, other debt investment, etc., are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value, the changes in fair value are included in other comprehensive income except for interest, impairment losses or gains and exchange gains and losses calculated by using the effective interest method.

When a financial asset is terminated for recognition, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in current profit and loss.

### **3) Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income**

Financial assets (equity instruments) measured at fair value and whose changes are included in other comprehensive income, including other equity instruments, etc., are initially measured at fair value, and related transaction expenses are included in the initially recognized amount. The financial assets are subsequently measured at fair value, and changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profits and losses.

When a financial asset is terminated for recognition, the accumulated gain or loss previously included in other comprehensive income is transferred from other comprehensive income and included in retained earnings.

4) Financial assets measured at fair value and whose changes are included in current profit and loss

Financial assets measured at fair value and whose changes are included in current profit and loss, including Tradable financial assets, derivative financial assets and other non-current financial assets, etc., are initially measured at fair value, and related transaction expenses are included in the initial recognition amount. The financial assets are subsequently measured at fair value, and changes in fair value are recognized in current profit and loss.

5) Financial liabilities measured at fair value and whose changes are included in current profit and loss

Financial liabilities measured at fair value and whose changes are included in current profit and loss, including transaction financial liabilities, derivative financial liabilities, etc., are initially measured at fair value, and related transaction expenses are included in current profit and loss. The financial liabilities are subsequently measured at fair value, and changes in fair value are included in current profit and loss.

When a financial liability is terminate for recognition, the difference between book value and the consideration paid shall be recorded into the current profit and loss.

6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost, including short-term borrowings, bills payable, accounts payable, other payable, long-term borrowings, bonds payable, and long-term payable, are initially measured at fair value, and related transaction expenses are included in the initial recognition amount.

Interest calculated by the effective interest method during the holding period is included in the current profit and loss.

When a financial liability is terminate for recognition, the difference between the consideration paid and the book value of the financial liability is included in current profit and loss.

**(3) Recognition evidence and measurement methods for transfer of financial assets**

**When transfer of financial assets occurs, the Company shall stop recognition of such financial assets if all risks and remunerations related to ownership of such financial assets have almost been transferred to the receiver; while shall continue to recognize such financial assets if all risks and remunerations related to ownership of such financial assets have almost been retained.**

When judging whether or not the aforesaid terminal recognition condition for financial assets is arrived at for transfer of financial assets, the Company generally adopts the principle that substance over weighs format.

The Company divides such transfer into entire transfer and part transfer. As for the entire transfer meeting condition for discontinued recognition, balance between the following two items is recorded in current gains and losses:

- 1) Carrying value of financial assets in transfer;
- 2) Aggregate of the consideration received from transfer and accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets available for sale).

As for the part transfer meeting condition for discontinued recognition, entire carrying value of financial assets in transfer is shared by discontinued recognition part and continued recognition part, in light of their respective fair value. Balance between the following two items is recorded in current gains and losses:

- 1) Carrying value of discontinued recognition part;
- 2) Aggregate of the consideration of discontinued recognition part and amount of such part attributable to accumulative movements of fair value originally recorded in owners' equity directly (applicable when financial assets involved in transfer belong to financial assets (debt instrument) measured at fair value and whose changes are included in other comprehensive income and the financial assets available for sale).

Financial assets are still subject to recognition if transfer of such assets doesn't satisfy the condition for discontinued recognition. And consideration received is recognized as financial liability.

#### **(4) Condition for terminating the recognition of financial liability**

As for the financial liabilities with its whole or part present obligations released, the company shall terminate the recognition for such financial liabilities or part of it. if the company enters into agreement with its creditor to substitute for the existing financial liabilities by means of assuming new financial liabilities, then the company shall terminate the recognition for the existing financial liabilities and recognized the new financial liabilities provided that the contract clauses of the new and the existing financial liabilities are different in substance.

If the company makes substantial amendment to the whole or part contract clauses of the existing financial liabilities, it shall terminate the recognition for the existing financial liabilities or part of it. Meanwhile, the financial liabilities with amendment to its clauses shall be realized as new financial liabilities.

In case of terminate the recognition of financial liabilities in whole or part, the difference between the carrying value of such financial liabilities and consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

In case that the company repurchases part of financial liabilities, based on the comparative fair value of the continuing recognition part and the derecognizing part, the company shall allocate the carrying value of the financial liabilities in whole on the repurchase date. Difference between the carrying value allocated to the derecognizing part and the consideration paid (including the non-cash assets exchanged or new financial liabilities assumed) shall be recorded in current gains and losses.

**(5) Recognition method for fair value of financial assets and financial liabilities**

As for the financial instrument with an active market, the fair value is determined by the offer of the active market; there is no active market for a financial instrument, the valuation techniques to determine its fair value. At the time of valuation, the Company adopted applicable in the present case and there is enough available data and other information technology to support valuation, assets or liabilities of feature selection and market participants in the trading of the underlying asset or liability considered consistent input value and priority as the relevant observable inputs. Where relevant observable inputs can not get or do not get as far as practicable, the use of un-observable inputs.

**(6) Testing of the financial assets impairment and accounting treatment**

The Company considers all reasonable and evidence-based information, including forward-looking information, and estimates the expected credit losses of the financial assets measured at amortized cost and the financial assets (debt instruments) measured at fair value and whose changes are included in other comprehensive income on a single or combination mode. The measurement of expected credit losses depends on whether the credit risks of financial assets have increased significantly since the initial recognition.

If the credit risk of the financial instrument has increased significantly since the initial recognition, the Company measures its loss provision based on the amount equivalent to the expected credit losses for the entire duration of the financial instrument; if the credit risk of the financial instrument has not increased significantly since the initial recognition, the Company measures its loss provision based on the amount equivalent to the expected credit losses of the financial instrument in the next 12 months. The increase or reversal amount of the resulting loss provision is included in the current profit and loss as an impairment loss or gain.

Usually, if it is overdue for more than 30 days, the Company shall believe that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If the financial instrument's credit risk at the balance sheet date is low, the Company shall believe that the credit risk of the financial instrument has not increased significantly since the initial recognition.

If there is objective evidence that a financial asset has suffered credit impairment, the Company shall make provision for impairment of the financial asset on a single basis.

The Company needs to confirm that the financial instruments of impairment losses are financial assets (including receivables) measured at amortized cost, debt instrument investments measured at fair value and their changes are included in other comprehensive income, and lease receivables, mainly including bills receivable, accounts receivable, other receivables, Creditors' investment, Other creditors' investment, long-term receivables, etc. In addition, for some financial guarantee contracts, impairment provision and credit impairment losses should be

accrued in accordance with the accounting policies described in this section. Regarding an account receivable, whether or not it contains a significant financing component, the Company always measures its loss provisions in accordance with the expected credit losses for the entire duration.

For lease receivables, long-term receivables formed by the company through the sale of commodities or the provision of labor services, the Company chooses to always measure their loss reserves in accordance with the expected credit losses for the entire duration.

The Company combines account receivables by similar credit risk characteristics, based on the financial asset portfolio structure and similar credit risk characteristics (the debtor's ability to repay the arrears in accordance with the contract terms), combined with historical default loss experience and current economic conditions and considering forward-looking information, and measures the loss provision at an amount equivalent to the expected credit losses for the entire duration.

#### **11.Note receivable**

Reference to 10. Financial Instrument in this Section

#### **12.Account receivable**

Reference to 10. Financial Instrument in this Section

#### **13. Account receivable financing**

Nil

#### **14. Other account receivable**

Determining method and accounting treatment on the expected credit loss of other account receivable

Reference to 10. Financial Instrument in this Section

#### **15. Inventory**

##### **(1) Classification**

Inventory includes raw materials, revolving material, goods in process, goods in transit and work in process-outsourced and so on.

##### **(2) Valuation methods for delivery of inventory**

The weighted average or individual valuation method is used when the inventory is issued according to the nature of the business.



### **(3) Recognition standards of the net realizable value for inventory**

The net realizable value of inventory products and materials for sale, in normal business production, is measured as the residual value after deducting the estimated sales expense and related taxes and fees from the estimated selling price; the net realizable value of an item of inventories subject to further processing, in normal business production, is measured as the residual value after deducting the sum of the estimated costs of completion, sales expense and related taxes and fees from the estimated selling price of the for-sale item. The net realizable value of the quantity of inventories held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realizable value of the excess is based on general selling prices.

An impairment allowance, if any, is generally individually recognized for each type of inventories at period-end except: For an individual impairment allowance, if any, is recognized for the whole category of inventories of low value and large quantities; and for an individual impairment allowance, if any, is recognized for a group of inventories, which are held for the production and sales of products of a single territory and for identical or similar usages or purposes, and which are indistinguishable from other types of inventories within the group.

Except that there is clear evidence indicates that the market price on the balance sheet date is abnormal, the net realizable value of the inventory item is determined based on the market price at the balance sheet date.

The net realizable value of the inventory items at the end of the period is determined based on the market price at the balance sheet date.

### **(4) Inventory system**

Inventory system is the perpetual inventory system.

### **(5)Amortization of low-value consumables and packaging materials**

- 1) Low-value consumables adopts the method of primary resale;
- 2) Wrappage adopts the method of primary resale.

## **16. Contractual asset**

## **17. Contract cost**

## **18. Assets held for sale**

Nil

## **19. Creditors' investment**

Nil

## **20. Other creditors' investment**

Nil

## **21. Long-term account receivable**

Nil

## **22. Long-term equity investment**

### **(1) Criteria for judgment of the common control and significant influence**

Common control refers to the control that is common to an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participants sharing the control rights before making a decision. Where the Company and other joint venture parties jointly control the invested entity and have rights to the net assets of the invested entity, the invested entity is the joint venture of the Company.

Significant influence refers to the right to participate in making decisions relating to the financial and operational policies of an enterprise, while not able to control or jointly control (with others) establishment of these policies. If the Company has significant influence on the invested enterprises, than such invested enterprises shall be the joint venture of the Company.

### **(2) Determination of initial investment cost**

#### **1) Long-term equity investment formed by business combination**

Business combination under the same control: If the company pays cash, transfers non-cash assets or assumes debts, and issues equity securities as the merger consideration, the share of the book value of the acquired owner's equity of the merged party in the consolidated financial statements of the ultimate controlling party is taken as the initial investment cost of the long-term equity investment on the merger date. If it is possible to exercise control over the investee under the same control due to additional investment, etc., the initial investment cost of the long-term equity investment shall be determined according to the share of the book value of the net assets of the merged party in the consolidated financial statements of the ultimate controlling party on the merger date. The equity premium is adjusted based on the difference between the initial investment cost of the long-term equity investment on the combination date and the book value of the long-term equity investment before the merger plus the book value of the new payment consideration for stock further obtained on the merger date, if the equity premium is insufficient to be offset, offset the retained earnings.

Business combination not under the same control: The company take the merger cost determined on the purchase date as the initial investment cost of the long-term equity investment. If it is possible to control the investee under the same control due to additional investment, etc., the initial investment cost calculated by the cost method is calculated according to the sum of the book value of the original equity investment plus the new investment cost.

#### **2) Long-term equity investment required by other ways**

For long-term equity investments obtained through payment with cash, then the actual payment shall be viewed as initial investment cost.

For long-term equity investments obtained through issuance of equity securities, then the fair value of such securities shall be viewed as initial investment cost

When the exchange of non-monetary assets has commercial substance and the fair value of the assets swapped in or swapped out can be reliably measured, the fair value shall be used as the basis for measurement. If the fair value of the swap-in assets and the swap-out assets can be reliably measured, for the long-term equity investment that is swapped in, the fair value of the swap-out assets and the relevant taxes payable shall be used as the initial investment cost of the long-term equity investment that is swapped in, unless there is conclusive evidence that the fair value of the assets swapped in is more reliable. If the exchange of non-monetary assets does not have commercial substance, or the fair value of the assets swapped in or swapped out cannot be reliably measured, for the long-term equity investments swapped in, the book value of the swap-out assets and the relevant taxes and fees payable shall be used as the initial investment cost of the long-term equity investment.

For long-term equity investment obtained through debt restructuring, the entry value is determined by the fair value of the abandoned creditor's right and the taxes directly attributable to the asset and other cost, and the difference between the fair value of the abandoned creditor's right and the book value is included in current profit and loss.

### **(3) Subsequent measurement and recognition of gains and losses**

#### **1) Long-term equity investment measured by cost**

The long-term equity investment for subsidiary shall be measured by cost. Other than payment actually paid for obtaining investment or cash dividend or profit included in consideration which has been declared while not granted yet, the Company recognizes investment income according to its share in the cash dividend or profit declared for grant by the invested unit.

#### **2) Long-term equity investment measured by equity**

The Company calculates long term equity investment in associates and joint ventures under equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period.

Return on investments and other comprehensive income is recognized respectively by shares of net gains and losses realized by the invested company and other comprehensive income, and book value of such investment is adjusted accordingly. Profit or cash dividends pro rata distributed by the invested company are to minus book value of the relative long-term investment. Book value of long-term investment is adjusted when changes occur

other than net gains and losses, other comprehensive income and profit distribution of the invested company, and is to report in owners' equity accordingly.

The Company should recognized net profit of invested unit after adjustment according to the accounting policy and period of the Company, based on fair value of vary identifiable assets of invested unit while obtained investment, while recognized net profit or net losses of invested units that should be enjoy by investment enterprise. During the period of holding the investment, if the investee prepares the consolidated financial statement, it shall be accounted for a based on the net profit, other comprehensive income and the amount attributable to the investee in changes in the other owner's equity in the consolidated financial statements.

The un-realized transaction gains/losses attributable to investment enterprise, internally occurred between the Company, affiliated units and joint-ventures should calculated by proportion of shares-holding which should be offset, than recognized investment gains/losses. If the unrealized internal transaction losses with the investee are assets impairment losses, they will be fully recognized. If a transaction of investing or selling assets occurs between the company and an associate enterprise or joint venture, and the assets constitute a business, the accounting treatment shall be handled in accordance with relevant policy policies disclosed in the Notes "V. Accounting Treatment Methods for Business Combinations Under the Same Control and Not Under the Same Control" and "VI.Methods for Preparing Combined Financial Statements".

When the Company is confirmed to share losses of the invested units, the following order shall prevail for disposal: first of all, offset carrying value of long-term equity investment. Second, for long-term equity investment whose carrying value is not enough for offset, investment loss should be continued to recognize within the limit of carrying value of other long-term equity which substantially forms net investment to invested units, to offset carrying value of long-term items receivable. At last, after the aforesaid treatment, if enterprise still bears additional duties according to investment contract or agreement, projected liabilities are recognized in accordance to the obligations which are expected to undertake, and then recorded in current gains and losses.

### 3) Disposal of long-term equity investment

Difference between carrying value and actual acquisition price in respect of disposal of long term equity investment shall be included in current period gains and losses.

For long term equity investment under equity method, the Company shall adopt the same basis as the investee directly disposes relevant assets or liabilities when disposing this investment, and account for the part originally included in other comprehensive income under appropriate proportion. The owner's equity recognized as a result of changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee is carried forward to the current profit and loss in proportion, except for other comprehensive income arising from changes in net liabilities or net assets as the investee re-measures the defined benefit plans.

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity after disposal shall be accounted for according to the recognition and measurement standard of financial instruments, and the difference between the fair value and the book value of the day losing the joint control or significant impact is included in the current profit and loss. For other comprehensive income as recognized under equity method in respect of the original equity investment, when the Company ceases calculation under equity method, the aforesaid income shall be accounted for on the same basis as the investee would otherwise adopt when it directly disposes relevant assets or liabilities. The owner's equity recognized as a result of changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee is carried forward to the current profit and loss when the equity method is terminated to be used for business accounting.

The Company loses the control over the investee due to the decrease in shareholding ratio caused by the disposal of part of the equity investment or other investors' capital increase in the subsidiary, if the remaining equity can implement joint control or significant influence on the investee, it shall be accounted for according to the equity method when preparing individual financial statements, and the remaining equity shall be adjusted as if it was accounted for according to the equity method since obtained. If the remaining equity cannot implement joint control or significant influence on the investee, it shall be accounted for according to relevant provisions of the recognition and measurement standard of financial instruments, and the difference between the fair value and the book value on the date of loss of control is included in current profit and loss.

The disposed equity is obtained through business combination for reasons such as additional investment, in the preparation of individual financial statement, if the remaining equity after disposal is accounted for by using the cost method or equity method, for the equity investment held before the purchase date, other comprehensive income and other owner's equity recognized due to being accounted for by using the equity method are carried forward on a pro-rata basis; if the remaining equity after disposal is changed to be accounted for according to the recognition and measurement standard of financial instruments, the other comprehensive income and other owners' equity shall be entirely carried forward.

## **23. Investment real estate**

Measurement

Measured by cost

Depreciation or amortization method

Investment real estate is defined as the real estate with the purpose to earn rent or capital appreciation or both, including the rented land use rights and the land use rights which are held and prepared for transfer after appreciation, the rented buildings (including the buildings for rent after completion of self-construction or development activities and the buildings under construction or development for future lease).

The Company adopts the cost model for subsequent measurement of investment real estate, and depreciates or amortizes buildings and land use rights based on its estimated service life and net residual value rate. The estimated service life, net residual value rate and annual depreciation (amortization) rate of investment real estate are listed as follows:

Category	Expected service life (year)	Expected net salvage value	Annual amortization (depreciation) rate
Houses and buildings	10-40	5%	2.37%-9.50%

## 24. Fixed asset

### (1) Recognition

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life. Fixed assets should be recognized for qualified the followed conditions at the same time:

- (1) It is probable that the economic benefits associated with the assets will flow into the Company; and
- (2) The cost of the assets can be measured reliably.

### (2) Depreciation methods

Category	Method	Years of depreciation	Scrap value rate	Yearly depreciation rate
House and buildings				
Production buildings	Straight-line depreciation	20-35	5	2.71-4.75
Non-production buildings	Straight-line depreciation	20-40	5	2.38-4.75
Temporary dormitory and simple room etc.	Straight-line depreciation	5-15	5	6.33-19.00
Gas storage bin	Straight-line depreciation	20	5	4.75
Silo	Straight-line depreciation	50	5	1.90
Wharf and supporting facilities	Straight-line depreciation	50	5	1.90
Machinery equipment				
Other machinery equipment	Straight-line depreciation	10-20	5	4.75-9.50
Warehouse	Straight-line	20	5	4.75

transmission equipment	depreciation			
Electronic equipment	Straight-line depreciation	2-5	5	19.00-47.50
Transport equipment	Straight-line depreciation	3-10	5	9.50-31.67
Other equipment	Straight-line depreciation	3-10	5	9.50-31.67

Depreciation of fixed assets is classified and accrued by using the straight-line depreciation, and the depreciation rate is determined according to the type of fixed assets, the expected service life and the estimated net residual value rate. If each component of the fixed assets has different service lives or provides economic benefits to the enterprise in different ways, select different depreciation rates or depreciation methods, and the depreciation is accrued separately.

Fixed assets leased in the form of financial leasing, if it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

### **(3) Recognition, measurement and depreciation of fixed assets held under finance lease**

If any of the following conditions are stipulated in the lease agreement signed by the Company and the lessee, it shall be recognized as a financial leased assets:

- 1) ownership of the leased assets shall belong to the Company upon the expiration of the lease term;
- 2) the Company has the option to purchase assets for a purchase price much lower than the fair value of the assets when the option is exercised;
- 3) the lease period accounts for most of the service life of the leased assets;
- 4) there is no significant difference between the present value of the minimum lease payment on the lease commencement date and the fair value of the assets.

On the lease start date, the company regards the lower of the fair value of the leased asset and the present value of the minimum lease payment as the book value of the leased asset and regards the minimum lease payment amount as the book value of the long-term payable, and the difference is regarded as unrecognized financing charges.

## **25. Construction in progress**

Fixed asset is booked with the entire expenditures occurred in the Construction in progress till it arrives at predicted state for use. For those constructions in process of fixed assets which have already arrived at the predicted state for use, while still with absence of completion settlement, they shall be carried forward to fixed

assets at the estimated value based on engineering budget, construction cost or actual cost commencing from the date of arrival of the predicted state for use. Meanwhile, they shall be also subject to the depreciation policies applicable to fixed assets of the Company for provision of depreciation. Once completion settlement is made, the original temporary estimated value shall be adjusted at the effective cost. However, the original provision of depreciation remains unchanged.

## **26. Borrowing expenses**

### **(1) Recognition of the borrowing expenses capitalization**

Borrowing expenses including the amortization of interest, discount or premium on borrowing, the ancillary expenses and exchange differences arising from foreign currency borrowings and so on.

Borrowing expenses that attributed for purchasing or construction of assets that are complying start to be capitalized and counted as relevant assets cost; other borrowing expenses, reckoned into current gains and losses after expenses recognized while occurred.

Assets satisfying the conditions of capitalization are those assets of fixed, investment real estate etc. which need a long period of time to purchase, construct, or manufacturing before becoming usable.

Capitalizing for borrowing expenses by satisfying the followed at same time:

- 1) Assets expense occurred, and paid as expenses in way of cash, non-cash assets transfer or debt with interest taken for purchasing, constructing or manufacturing assets that complying with capitalizing condition;
- 2) Borrowing expenses have occurred;
- 3) Necessary activities occurred for reaching predicted usable statues or sale-able status for assets purchased, constructed or manufactured.

### **(2) Period of capitalization**

Capitalizing period was from the time star capitalizing until the time of suspended capitalization. The period for borrowing expenses suspended excluded in the period.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization reached its predicted usable status or sale-able status, capitalization suspended for borrowing expenses.

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization completed projects and usable independently for part of the projects, borrowing expenses for this kind of assts shall suspended capitalization.



If the assets have been completed in every part, but can be reached the useful status or sale-able status while completed entirely, the borrowing expense shall be suspended for capitalization while the assets completely finished in whole.

### **(3) Period of suspended**

If purchasing, construction, or manufacturing process of an asset satisfying the conditions of capitalization is suspended abnormally for over 3 months, capitalizing of borrowing expenses shall be suspended; the suspended assets that satisfying the conditions of capitalization meets the necessary procedure of reaching predicted usable status or for-sale status, capitalizing of borrowing expenses shall be resumed. The borrowing expenses occurred during the period of suspended shall reckon into current gains and losses until the purchasing, construction, or manufacturing process is resumed for capitalizing.

### **(4) Capitalization rate of the borrowing costs, measurement of the capitalized amount**

As for the special loans borrowed for the purchase, construction or production of assets eligible for capitalization, the borrowing costs are capitalized by deducting the actual borrowing costs incurred in current period of special borrowing, the interest income earned by borrowing funds that have not yet been used, deposited in the bank or the investment income obtained from the temporary investment.

For the general borrowings used for the acquisition, construction or production of assets eligible for capitalization, the amount of borrowing costs that should be capitalized for general borrowings is calculated and determined according to the weighted average of the asset expenditures of accumulated asset expenditures over the special borrowings multiplying by the capitalization rate of the occupied general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

## **27. Biological assets**

### **(1) Criteria for determining the biological assets**

Biological assets refers to the assets made up of living animals and plants.

### **(2) Classification of biological assets**

Biological assets are divided into consumptive biological assets, productive biological assets and public welfare biological assets. Consumptive biological assets include biological assets held for sale or harvested as agricultural products in the future. Productive biological assets include biological assets held for the purpose of producing agricultural products, providing labor services, or renting. Public welfare biological assets include biological assets whose main purpose is protection and environmental protection.

### **(3) Depreciation policy of productive biological assets**

The Company's biological assets are mainly tea trees. The company's productive biological assets that achieve the intended production and operation purposes are depreciated according to the average service life method, and the service life is determined as the remaining period of land use after deducting the immature tea tree period (5 years), the residual value rate is 5%. At the end of each year, the company reviews the service life, expected net

residual value and depreciation methods. If the service life and expected net output value are different from the original estimate, or there is a significant change in the realization of economic benefits, it will be used as an accounting estimate change to adjust the service life or estimated net output value or change the depreciation method.

#### **(4) Treatment of impairment of biological assets**

If the net realizable value of consumptive biological assets is less than its book value, the depreciation of biological assets shall be made based on the difference between the net realizable value and the book value, and included in the current profit and loss. If the factors affecting the impairment of consumptive biological assets have disappeared, the write-down amount shall be recovered and transferred back within the amount of the original provision for depreciation, and the transferred amount shall be included in the current profit and loss.

If the recoverable amount of a productive biological asset is less than its book value, the provision for biological asset impairment shall be made based on the difference between the recoverable amount and the book value, and included in the current profit and loss. Once the provision for impairment of productive biological assets is accrued, it shall not be reversed.

There is no provision for impairment of public welfare biological assets.

### **28. Oil and gas assets**

Nil

### **29. Right-of-use assets**

Nil

### **30. Intangible assets**

#### **(1) Measurement, use of life and impairment testing**

##### **1) Measurement**

i. Initial measurement is made at cost when the Company acquires intangible assets;

For those intangible assets purchased from outside, the purchase value, relevant taxes and other payments attributable to predicted purpose obtained should be recognized as cost for this assets. For those purchased amount that paid overdue exceeded the normal credit condition, owns financing natures actually, the cost should be recognized based on the current value while purchased.

As for the intangible assets acquired from the debtor in debt restructuring for the purpose of settlement of debt, the fair value of the intangible assets shall be based to determine the accounting value. The difference between the carrying value of restructured debt and the fair value of the intangible assets use for settlement of debt shall be recorded in current gains and losses.

When the exchange of non-monetary assets has commercial substance and the fair value of the assets swapped in or out can be reliably measured, the fair value is used as the basis for measurement. If the fair value of both the swap-in assets and swap-out assets can be reliably measured, for the swap-in intangible assets, the fair value of the swap-in assets and related taxes payable shall be used as the initial investment cost of the swap-in intangible assets, unless there is solid evidence that the fair value of the swap-in assets is more reliable. If the exchange of non-monetary assets does not have commercial substance, or the fair value of the swap-in and swap-out assets cannot be reliably measured, for the intangible assets swapped in, the book value of the swap-out assets and the relevant payable taxes and dues shall be used as the initial investment cost of swap-in intangible assets.

ii. Subsequent measurement

Analyzing and judging the service life of an intangible asset when they are acquired.

**Those intangible assets with limited useful life are evenly amortized on straight basis from the date when they become usable to the end of expected useful life;**Intangible assets for which it is impossible to predict the term during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life without amortization.

**2) Estimation of the service life of intangible assets with limited service life**

Item	Predicted useful life	Amortization method	Basis
Land use right	Amortized the actual rest of life after certificate of land use right obtained	Straight-line method	Certificate of land use right
Proprietary technology	20-year	Straight-line method	Actual situation of the Company
Trademark use right	10-year	Straight-line method	Actual situation of the Company
Software use right	5-8 years	Straight-line method	Protocol agreement
Forest tree use right	Service life arranged	Straight-line method	Protocol agreement
Shop management right	Service life arranged	Straight-line method	Protocol agreement

**3) Judgment basis on intangible assets with uncertain service life and review procedures for the service life**

**Intangible assets for which it is impossible to predict the term during which the assets can bring in economic benefits are viewed as intangible assets with indefinite life.** Intangible assets with indefinite life are not amortized during the holding period, and useful life is re-reviewed at the end of each accounting period. In case that it is still determined as indefinite after such re-review, then impairment test will be conducted continuously in every accounting period.

**(2)Accounting policy of the internal R&D expenditure**

**1)Specific criteria for dividing research and development stages**

The expenditure for internal R&D is divided into research expenditure and development expenditure.

Research stage: stage of the investigation and research activities exercising innovative-ness for new science or technology knowledge obtained and understanding.

Development stage: stage of the activities that produced new or material advance materials, devices and products that by research results or other knowledge adoption in certain plan or design before the commercial production or usage.

Expenditures incurred during the research phase of internal R&D projects shall be recorded into the current profit and loss when incurred.

## **2)Standards for capitalization satisfaction of expenditure in development state**

Intangible assets recognized for expenditure in exploitation stage by satisfying the followed at same time:

Owes feasibility in technology and completed the intangible assets for useful or for sale;

- i. Owes the intention for completed the intangible assets and for sale purpose;
- ii. Way of profit generated including: show evidence that the products generated from the intangible assets owes a market or owes a market for itself; if the intangible assets will use internally, than show evidence of useful-ness;
- iii. Possess sufficient technique, financial resources and other resources for the development of kind of intangible assets and has the ability for used or for sale;
- iv. The expenditure attributable to the exploitation stage for intangible assets could be measured reliably.

Expenditure happened in development phase not satisfying the above conditions is included in current period gains and losses when occurs. Development expenditure previously included in gains and losses in previous periods will not be re-recognized as assets in later periods. Capitalized development expenditure is stated in balance sheet as development expenditure, and is transferred to intangible assets when the project is ready for planned use.

## **31. Impairment of long term assets**

The long-term assets as long-term equity investments, investment real estate measured at cost, fixed assets, construction in progress and intangible assets with certain service life are tested for impairment if there is any indication that an asset may be impaired at the balance date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill, intangible assets with uncertain service life and intangible assets that have not reached the serviceable state shall be subject to impairment test at least at the end of each year.

When the Company conducts the goodwill impairment test, the book value of goodwill formed by business combination is apportioned to the relevant asset group according to reasonable methods from the date of purchase; if it is difficult to apportion it to the relevant asset group, apportion it to the relevant asset group portfolio. When apportioning the book value of goodwill, the Company apportions according to the relative benefit that the relevant asset groups or combination of asset groups can obtain from the synergies of business combination, and conducts a goodwill impairment test on this basis.

When conducting impairment test for relevant asset group with inclusion of goodwill, in case that there is indication of impairment for such asset group, impairment test would be firstly conducted in respect of the asset groups without inclusion of goodwill. Then, it shall calculate the recoverable amount and determine the corresponding impairment loss as compared to its carrying value. Second, asset group with inclusion of goodwill would be tested for impairment. If it is found after comparison between the carrying value and recoverable amount of the asset group that the recoverable amount is less than carrying value, the Company would recognize impairment loss for goodwill.

Once recognized, asset impairment loss would not be reversed in future accounting period.

### **32. Long term prepaid expense**

Long term prepaid expense represents the expense which the Company has occurred and shall be amortized in the current and later periods with amortization period exceeding one year. Long-term prepaid expenses of the Company includes expenditures on improvement of investment real estate, decoration fee and expenditure for fixed assets improvement etc. Long term prepaid expense is amortized during the beneficial period under straight line method.

### **33. Contract liabilities**

Contract liabilities refer to the Company's obligation to transfer goods to customers for consideration received or receivable from customers. If the customer has paid the contract consideration or the Company has obtained the unconditional right of collection before the Company transfers the goods to the customer, the Company shall list the received or receivable amount as a contract liability at the earlier time point between the actual payment paid by the customer and the payment due. Contract assets and contract liabilities under the same contract are listed in net amount, and contract assets and contract liabilities under different contracts are not offset.

### **34. Staff remuneration**

#### **(1)Accounting treatment of short term remuneration**

In the period of employee services, short-term benefits are actually recognized as liabilities and charged to profit or loss or relevant assets costs.

Regarding to the social insurance and housing funds that the Company paid for employees, the Company should recognize corresponding employees benefits payable according to the appropriation basis and proportion as stipulated by relevant requirements and recognize the corresponding liabilities.

If the employee welfare are non-monetary benefits and can be measured reliably, they shall be measured at fair value.

#### **(2)Accounting treatment for post employment benefits**

The Company's post-employment benefit plans are all defined contribution plans.

The defined contribution plans for post-employment benefits are mainly to participate in the basic social pension insurance and unemployment insurance organized and implemented by labor and social security institutions in various places; in addition to the basic social pension insurance and unemployment insurance, the employees in line with the "Shenzhen Cereals Group Co., Ltd. Enterprise Annuity Plan" can apply for participation in the annuity plan established by the Company. During the accounting period when employees provide services to the Company, the amount of deposits payable calculated according to the defined contribution plan is recognized as a liability and included in the current profit and loss or the cost of related assets. After the Company pays the above payments regularly in accordance with the national standards and the annuity plan, there will be no other payment obligations.

#### **(3)Accounting treatment for dismissal benefit**

When the Company cannot unilaterally withdraw the dismissal benefits provided by the termination of the labor relationship plan or the downsizing proposal, or when confirm the cost or expenses related to the reorganization of the dismissal benefits (the earlier one), confirm the employee compensation liabilities generated by dismissal benefits and include in the current profit and loss.

#### **(4)Accounting treatment for other long term staff benefits**

Other long term staff benefits refers to all the other staff benefits except for short term remuneration, post office benefit and dismissal benefit.

For other long term staff benefits satisfying conditions under defined withdraw plan, the contribution payables shall be recognized as liabilities and included in current gains and losses or relevant asset cost during the accounting period in which the staff provides services to the Company.

### **35. Lease liability**

Nil

### **36. Accrual liability**

#### **(1) Recognition standards for accrual liability**

When the obligations relating to contingencies such as litigation, debt guarantee, loss contract, reorganization and etc. Satisfy the following conditions, an accrual liability shall be recognized:

- 1)The responsibility is a current responsibility undertaken by the Company;
- 2)Fulfilling of the responsibility may lead to financial benefit outflow;
- 3)The responsibility can be measured reliably for its value.

#### **(2) Measurement**

**Accrual liabilities shall conduct initial measurement by best estimation of expenditures needed by fulfillment of current responsibilities.**

**While determined the best estimation, take** the risks, uncertainty and periodic value of currency that connected to the contingent issues into consideration. For major influence from periodic value of currency, determined best estimation after discount on future relevant cash out-flow.

Treatment for best estimation:

If the expenditure has a continuous range, and with similar possibility within the range, the best estimation should determined by the middle value within the range, that is the average amount between the up and low limit.

If the expenditure has no continuous range, or has a continuous range but with different possibility within the range, the possibility amount shall determined as the best estimation while single events involved by contingency; if many events were involved by contingency, the best estimation shall be determined by various results and relevant probability.

If the expenses for clearing of predictive liability is fully or partially compensated by a third party, and the compensated amount can be definitely received, it is recognized separated as asset. Though the compensated amount shall not greater than the book value of the predictive liability

### **37. Share-based payment**

Nil

### **38. Other financial instrument of preferred stocks and perpetual bond**

Nil

### **39. Revenue**

Accounting policy applicable for the revenue recognition and measurement

#### **Accounting policy applicable since 1 Jan. 2020**

##### **(1) accounting policy applicable for the revenue recognition and measurement**

The Company fulfills the performance obligations in the contract, that is, revenue is recognized when the customer obtains control of the relevant goods or services. Obtaining control of related goods or services means being able to lead the use of the goods or services and obtain almost all of the economic benefits from them.

If the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each individual performance obligation on the starting date of the contract. The Company measures revenue based on the transaction price allocated to each individual performance obligation.

The transaction price refers to the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods or services to customers, excluding payments collected on behalf of third parties and payments expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and combined with its past customary practices, when determining the transaction price, it considers the influence of variable consideration, major financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the amount of accumulated recognized revenue that is unlikely to be materially reversed when the relevant uncertainty is eliminated. If there is a significant financing component in the contract, the Company determines the transaction price based on the amount payable in cash when the customer obtains control of the goods or services, and uses the actual interest method to amortize the difference between the transaction price and the contract consideration during the contract period.

It belongs to the performance obligation fulfilled within a certain period of time when meeting one of the following conditions, otherwise it belongs to the performance obligation fulfilled at a certain point in time:

The customer obtains and consumes the economic benefits brought by the Company's performance at the same time as the Company's performance.

Customers can control the products under construction in the Company's performance process.

The products produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to collect payment for the accumulated performance part of the contract during the entire



contract period.

For performance obligations performed within a certain period of time, the Company recognizes revenue according to the performance progress during that period, except where the performance progress cannot be reasonably determined. The Company considers the nature of the goods or services and adopts the output method or the input method to determine the progress of performance. When the performance progress cannot be reasonably determined, and the costs incurred are expected to be compensated, the Company shall recognize the revenue according to the amount of the costs incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services.

When judging whether a customer has obtained control of goods or services, the Company considers the following signs:

The Company has the current right to collect payment for the goods or services, that is, the customer has the current payment obligation for the goods or services.

The Company has transferred the legal ownership of the goods to the customer, that is, the customer has the legal ownership of the goods.

The Company has transferred the goods to the customer in kind, that is, the customer has taken possession of the goods in kind.

The Company has transferred the main risks and rewards of the ownership of the goods to the customer, that is, the customer has obtained the main risks and rewards of the ownership of the goods.

The customer has accepted the goods or services, etc.

### **Accounting policy before 1 Jan. 2020**

#### **(1) general principles for the recognition of sales revenue**

- 1) Principal risks and rewards in the ownership of the goods are transferred to the buyer;
- 2) The Company retains neither the continuing management rights normally associated with ownership nor effective control over the merchandise sold;
- 3) The sales revenue can be measured reliably;
- 4) The related economic benefits are likely to flow into the company;
- 5) The relevant costs incurred or to be incurred can be measured in a reliable way.

#### **(2) Rendering of services**

- 1) The amount of income can be reliably measured;
- 2) The relevant economic benefits are likely to flow into the enterprise;
- 3) The completion schedule of the transaction can be reliably determined;
- 4) The costs incurred and to be incurred in the transaction can be reliably measured.

The total amount of labor service income is determined by the received or receivable contract or agreement price, except that the contract or agreement price received or receivable is not fair. On the balance sheet date, the current

labor service income is determined by the amount that the total labor service income multiplies by the completion schedule and deducts the accumulated labor income from the previous accounting period. At the same time, the current labor cost is carried forward by the amount that the total labor service cost multiplies by the completion schedule and deducts the accumulated labor cost from the previous accounting period.

If the results of the labor service transaction on the balance sheet date cannot be reliably estimated, they shall be disposed as follows:

- 1) If the labor costs incurred is estimated to be compensated, the labor service income shall be determined according to the amount of labor costs incurred, and the labor costs shall be carried forward at the same amount.
- 2) If the labor costs incurred is estimated not to be compensated, the labor costs incurred shall be included in the current profit and loss, and the labor service income shall not be recognized.

When the contract or agreement signed by the Company with other enterprises includes the sale of goods and the rendering of labor services, if the parts of the sales of goods and the parts of the rendering of labor service can be distinguished and can be separately measured, treat the part of the sales of goods as the sales of goods, and treat the part of the rendering of labor services as rendering of labor services. If the parts of the sales of goods and the parts of the rendering of labor service cannot be distinguished, or can be distinguished but cannot be separately measured, treat the part of the sales of goods and the parts of the rendering of labor service both as the sales of goods. Recognize revenue for the grain and oil dynamic storage and rotation services provided by the Company for the Shenzhen Municipal Government when the relevant labor service activities occur. Specifically, monthly calculate and recognize the government service income based on the actual storage grain and oil quantity and the storage price stipulated by “Operational Procedures for Government Grain Storage All-in Cost of Shenzhen” and “Operational Procedures for Edible Vegetable Oil Government Reserve All-in Cost of Shenzhen”.

### **(3) assignment of the right-to-use assets**

**Financial benefit attached to the contract is possibly inflow to the company; Overall income of the contract can be measured reliably.** Determined the use right income for transaction assets respectively as followed:

- 1) Amount of interest income: determined by the time and effective interest rate of the currency capital used by other people.
- 2) Amount of income from use: determined by the charge time and calculation method agreed in the relevant contract or agreement.
- 3) For the income from real estate, dock warehouse and other property leasing and terminal docking business, calculate and determine the rental income and warehousing logistics income according to the chargeable time and method as stipulated in the contract or agreement.

The accounting policy for revenue recognition are different due to the different business models in the same kind of business

#### 40. Government Grants

##### (1) Types

Governments grants of the Company refer to the monetary and non-monetary assets obtained from government for free, and are divided into those related to assets and others related to revenues.

Government grants related to assets refer to those obtained by the Company and used for purchase or construction of or otherwise to form long-term assets. Government subsidies related to revenue refer to those other than government subsidies related to assets.

##### (2) Recognition of government grant

At end of the period, if there is evidence show that the Company qualified relevant condition of fiscal supporting polices and such supporting funds are predicted to obtained, than recognized the amount receivable as government grants. After that, government grants shall recognize while actually received.

Government grants in the form of monetary assets are stated at the amount received or receivable. Government grants in the form of non-monetary assets are measured at fair value; if fair value cannot be obtained, a nominal amount (one yuan) is used. Government grants measured at nominal amount is recognized immediately in profit or loss for the current period.

##### (3) Accounting treatment

Based on the nature of economic business, the Company determines whether a certain type of government subsidy business should be accounted for by using the total amount method or the net amount method. In general, the Company only chooses one method for similar or similar government subsidy services, and this method is consistently applied to the business.

Item	Calculation content
Based on gross method	All business of government grants

The government grants related to the assets are recognized as deferred income. The assets constructed or purchased shall be divided into the profit/loss by stages in a reasonable and systematic manner over their useful life;

As for the government grants with income concerned, which has compensated relevant expenses and losses occurred in later period, than recognized as deferred income, and reckoned into current gains/losses during the period while relevant expenses or losses determined; those used to compensate the relevant costs or losses of the company, it shall be directly included in the current profit/loss. Government grants relevant to daily activities of enterprises are included in other income; government grants irrelevant to daily activities of enterprises are included in non-operating income and expenditure.

The government grants relevant to discounted interest on policy concessional loans is used to offset the relevant

borrowing costs; if a borrowings with preferential interest rate provided by the lending bank is obtained, then the actual amount of borrowings received shall be taken as the entry value, and the relevant borrowing costs shall be calculated according to the loan principal and preferential interest rate.

When a recognized government grant needs to be returned, adjust the book value of assets if it is used to offset the book value of underlying assets at initial recognition; if there is a related deferred income balance, offset the book balance of relevant deferred income, and include the excess in current profit or loss; if there is no related deferred income, and directly include in the current profit or loss.

#### **41. Deferred income tax assets and deferred income tax liabilities**

The deferred income tax assets recognized by deductible temporary differences are within the limit of taxable income that is probably achieved in the future to deduct the deductible temporary differences. The deductible losses and tax credits that can be carried forward in subsequent years are within the limit of the future taxable income it is probably achieved in the future to deduct the deductible losses and tax credits, and the corresponding deferred income tax assets are recognized.

For taxable temporary differences, deferred income tax liabilities are recognized except in special circumstances.

The special circumstances of not recognizing deferred income tax assets or deferred income tax liabilities include: initial recognition of goodwill; other transactions or matters other than business combinations that neither affect accounting profits nor affect taxable income (or deductible losses) when occur.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

#### **42. Lease**

##### **(1) Accounting treatment for operating lease**

1) The rental fee paid for renting the properties by the company are amortized by the straight-line method and reckoned in the current expenses throughout the lease term without deducting rent-free period. The initial direct

costs related to the lease transactions paid by the company are reckoned in the current expenses.

When the lessor undertakes the expenses related to the lease that should be undertaken by the company, the company shall deduct the expenses from the total rental costs, share by the deducted rental costs during the lease term, and reckon in the current expenses.

2) Rental obtained from assets leasing, during the whole leasing period without rent-free period excluded, shall be amortized by straight-line method and recognized as leasing revenue. The initial direct costs paid with leasing transaction concerned are reckoned into current expenditure; the amount is larger is capitalized when incurred, and accounted for as profit or loss for the current period on the same basis as recognition of rental income over the entire lease period.

When the company undertakes the expenses related to the lease that should be undertaken by the lessor, the company shall deduct the expenses from the total rental income, and distribute by the deducted rental costs during the lease term.

## **(2)Accounting treatment for financing lease**

1)Assets lease-in by financing: On the beginning date of the lease, the entry value of leased asset shall be at the lower of the fair value of the leased asset and the present value of minimum lease payment at the beginning date of the lease. Minimum lease payment shall be the entry value of long-term accounts payable, with difference recognized as unrecognized financing expenses. Unrecognized financing expenses shall be reckoned in financial expenses and amortized and using effective interest method during the leasing period. The initial direct expenses incurred by the Company are included in the value of the rented assets.

2) Finance leased assets: on the lease commencement date, the company affirms the balance among the finance lease receivables, the sum of unguaranteed residual value and its present value as the unrealized financing income, and recognizes it as the rental income during the period of receiving the rent. For the initial direct costs related to the rental transaction, the company reckons in the initial measurement of the finance lease receivables, and reduces the amount of income confirmed in the lease term.

## **43. Other important accounting policy and estimation**

### **Safety production expenses**

The safety production expenses drawn by the Company in accordance with the national regulations are included in the cost of relevant products or the current profit and loss, and are recorded in the “special reserve” account. When using the drawn safety production expenses, directly offset the special reserve if it belongs to the expense expenditure. For fixed assets, the expenses incurred through the collection of “under construction” subjects shall be recognized as fixed assets when the safety project is completed and ready for use. At the same time, the special reserve shall be offset according to the cost of forming the fixed assets, and accumulated depreciation of the same

amount shall be recognized. The fixed assets will no longer be depreciated in the future.

#### 44. Changes of important accounting policy and estimation

##### (1) Changes of important accounting policies

☒ Applicable ☐ Not applicable

Content & reasons	Approval procedure	Note
On July 5, 2017, the Ministry of Finance revised and issued the "Accounting Standards for Business Enterprises No. 14-Revenue" (No. CK [2017] 22). According to the requirements of the Ministry of Finance, for companies listed at home and abroad at the same time and companies listed abroad and adopting the International Financial Reporting Standards or Accounting Standards for Business Enterprises to prepare financial statements, it has been implemented since January 1, 2018; for other domestic listed companies, it has been implemented from January 1, 2020; for non-listed companies that implement the Accounting Standards for Business Enterprises, it will be implemented on January 1, 2021. According to the requirements of the above documents, the company made corresponding changes to its accounting policies.	Approved by the 7 <sup>th</sup> Session of 10 <sup>th</sup> BOD on 31 Dec. 2019	This change in accounting policy did not cause a major change in the company's revenue recognition method, and did not have a major impact on the company's current and previous net profit, total assets and net assets. This change in accounting policy is a corresponding change made by the company in accordance with the latest accounting standards revised and promulgated by the Ministry of Finance. The changed accounting policy is in compliance with relevant regulations and the actual situation of the company.

##### (2) Changes of important accounting estimate

☐ Applicable ☒ Not applicable

##### (3) Adjustment on the relevant items of financial statement at beginning of the year when implemented the new revenue standards and new leasing standards since 2020

Applicable

Whether need to adjust the balance sheet items at the beginning of the year

☐ Yes ☒ No

Explain the reasons of no need to adjust the balance sheet items at the beginning of the year

There are no influence on the items of balance sheet at beginning of the year when implemented the new revenue standards and new

leasing standards

**(4) Retrospective adjustment of early comparison data description when implemented the new revenue standards and new leasing standards since 2020**

☐ Applicable ☒ Not applicable

**45. Other**

**VI. Taxes**

**1. Type of tax and rate for main applicable tax**

Taxes	Basis	Rate
VAT	The output tax is calculated on the basis of the sales of goods and the taxable service income calculated according to the tax law. After deducting the input tax amount that is allowed to be deducted in the current period, the difference part is the value-added tax payable.	13%, 9%, 6%, 5%, 3%
Urban maintenance and construction tax	Calculated according to the actual value-added tax and consumption tax	5%, 7%
Enterprise income tax	Calculated according to taxable income	25%, 15%, Tax-free
Educational surtax	Calculated according to the actual value-added tax and consumption tax	3%
Local education surcharge	Calculated according to the actual value-added tax and consumption tax	2%
Property tax	Price-based resource tax, 1.2 percent of the remaining value after deducting 20% of the original value of the property; 12 percent of the rental income if levy by rents.	1.2%, 12%

Rate of income tax for different taxpaying body:

Taxpaying body	Rate of income tax
Shenzhen Cereals Holdings Co., Ltd.	25%
Shenzhen Cereals Group Co., Ltd (hereinafter referred to as "SZCG")	25%, Some businesses are tax-free
Shenzhen Hualian Grain and Oil Trading Co., Ltd. (hereinafter referred to as "Hualian Company")	25%
Shenzhen Flour Co., Ltd (hereinafter referred to as "Shenzhen	Tax-free

Flour ")	
Shenliang Quality Inspection Co., Ltd. (hereinafter referred to as "Shenliang Quality Inspection ")	25%
Hainan Haitian Aquatic Feed Co., Ltd. (hereinafter referred to as " Hainan Haitian ")	25%
Shenliang Doximi Business Co., Ltd. (hereinafter referred to as "Doximi ")	25%
Shenzhen Shenliang Beige Kitchen Food Supply Chain Co., Ltd. (hereinafter referred to as "Beige Kitchen ")	15%
Shenzhen Shenliang Storage (Yingkou) Co., Ltd. (hereinafter referred to as " Shenliang Storage (Yingkou) ")	25%
Shenzhen Shenliang Cold Chain Logistics Co., Ltd. (hereinafter referred to as "Shenliang Cold Chain ")	15%
Shenzhen Shenliang Property Development Co., Ltd. (hereinafter referred to as "Shenliang Property")	25%
Shenzhen Shenliang Property Management Co., Ltd. (hereinafter referred to as "Shenliang Property")	25%
Dongguan Shenliang Logistics Co., Ltd. (hereinafter referred to as "Dongguan Logistics")	25%
Dongguan International Food Industrial Park Development Co., Ltd. (hereinafter referred to as "Dongguan Food Industrial Park")	25%
Dongguan Shenliang Oil & Food Trade Co., Ltd. (hereinafter referred to as "Dongguan Food Trade ")	25%
Dongguan Jinying Biotechnology Co., Ltd. (hereinafter referred to as " Dongguan Jinying")	25%
Shuangyashan Shenliang Zhongxin Cereals Base Co., Ltd. (hereinafter referred to as "Shuangyashan Shenliang Zhongxin ")	25%
Heilongjiang Hongxinglong Nongken Shenxin Cereals Industrial Park Co., Ltd. (hereinafter referred to as " Hongxinglong Nongken Industrial Park ")	25%
Shenzhen Shenbao Huacheng Technology Co., Ltd. (hereinafter referred to as "Shenbao Huacheng ")	15%
Shantou Branch of Shenzhen Shenbao Huacheng Science and Technology Co.,Ltd (hereinafter referred to as " Huacheng Shantou Branch")	25%
Wuyuan Ju Fang Yong Tea Industry Co., Ltd. (hereinafter referred to as "Wuyuan Ju Fang Yong ")	15%



Shenzhen Shenshenbao Investment Co., Ltd. (hereinafter referred to as "Shenbao Investment")	25%
Shenzhen Shenshenbao Tea Culture Commercial Management Co., Ltd. (hereinafter referred to as "Shenbao Tea Culture")	25%
Hangzhou Ju Fang Yong Holding Co., Ltd (hereinafter referred to as " Hangzhou Ju Fang Yong ")	25%
Hangzhou Ju Fang Yong Trading Co., Ltd. (hereinafter referred to as "Ju Fang Yong Trading ")	25%
Hangzhou Fuhaitang Catering Management Chain Co., Ltd. (hereinafter referred to as "Fuhaitang Catering")	25%
Shenzhen Shenbao Tea-Shop Co., Ltd (hereinafter referred to as "Shenbao Tea-Shop")	25%
Hangzhou Fuhaitang Tea Ecological Technology Co., Ltd. (hereinafter referred to as "Fuhaitang Ecological")	25%
Mount Wuyi Shenbao Rock Tea Co., Ltd. (hereinafter referred to as "Shenbao Rock Tea")	25%
Yunnan Shenbao Pu'er Tea Supply Chain Management Co., Ltd. (hereinafter referred to as "Pu'er Tea Supply Chain")	25%
Shenzhen Shenbao Sanjing Food and Beverage Development Co., Ltd. (hereinafter referred to as "Shenbao Sanjing ")	25%
Yunnan Pu'er Tea Trading Center Co., Ltd. (hereinafter referred to as "Pu'er Tea Trading Center")	25%
Huizhou Shenbao Food Co., Ltd. (hereinafter referred to as "Huizhou Shenbao Food")	25%
Huizhou Shenbao Technology Co., Ltd. (hereinafter referred to as "Huizhou Shenbao Technology ")	25%
Shenzhen Shenbao Property Management Co., Ltd. (hereinafter referred to as "Shenbao Property")	25%
Shenzhen Shenbao Technology Center Co., Ltd. (hereinafter referred to as "Shenbao Technology Center ")	25%
Shenzhen Shenbao Industrial & Trading Co., Ltd(hereinafter referred to as "Shenbao Industry and Trade")	25%

## 2. Tax preferential

### (1) VAT discounts and approval

According to the “Notice of the Ministry of Finance and the State Administration of Taxation on the Issues Concerning the VAT Collection and Exemption of Grain Enterprises (CSZ [1999] No. 198)” and “Shenzhen Tax Service, State Taxation Administration and Shenzhen Finance Bureau SGSF (SCF [1999] No.428)”, confirming

that SZCG, the Company's subsidiary, and its subsidiaries, are state-owned grain purchase and sale enterprises that undertake grain collection and storage tasks for Shenzhen, the grain sold is subject to tax-free declaration by rule and enjoys the exemption from VAT. In addition, according to the stipulation of the "Announcement of State Administration of Taxation on Relevant Management Matters After Clarifying the Cancellation of the Approval of Some VAT Preferential Policies" (SAT Announcement 2015 No. 38), the approval for exemption from VAT and the involved tax review and approval procedures for the state-owned grain enterprises that undertake grain collection and storage tasks, other grain enterprises that operate tax-free projects and enterprises that have edible vegetable oil sales business for government reserves are cancelled and changed to record management. The taxpayer does not change the content of the record materials during the period of tax exemption can be put on a one-time record. In December 2013, SZCG obtained the notice of the VAT preferential record (SGSFJBM [2013] No.2956) from Shenzhen Futian State Administration of Taxation. In the case of no change in policy, this limited filing period started on January 1<sup>st</sup>, 2014. The VAT input tax amount of the preferential item was separately accounted for, and the input VAT calculation method cannot be changed within 36 months after the selection. As of 30 June 2020, the tax exemption policy has been in effect since its filing in 2014, and the company's VAT input tax has not changed since it was accounted for separately in 2014, so the company continues to enjoy the tax preference.

## (2) Stamp duty, house property tax, and urban land use tax preferences

According to the stipulations of "Notice of the Ministry of Finance and the State Administration of Taxation on the Relevant Tax Policies Concerning Some National Reserved Commodities (CS [2019] No. 77)", and documents of Guangdong Province Department of Finance, Guangdong Provincial Taxation Bureau of the State Administration of Taxation and Guangdong Provincial Food and Material Reserve Bureau (Yue Cai Shui [2020] No.2, confirming that the fund account book of SZCG, the Company's subsidiary, and its direct depots is exempt from stamp duty, confirming that the written purchase and sale contracts of SZCG in the process of undertaking the commodity reserve business are exempt from stamp duty, and confirming that SZCG's house property and land used for the commodity reserve business are exempt from house property tax and urban land use tax. The execution time limit for this tax preference policy is up to December 31, 2021.

## (3) Enterprise income tax

1) Shenbao Huacheng, a subsidiary of the Company, obtained the "High-tech Enterprise Certificate" (Certificate number is GR201744203462) jointly issued by Shenzhen Science and Technology Innovation Committee, Shenzhen Financial Committee, Shenzhen Tax Service, State Taxation Administration and Shenzhen Local Taxation Bureau on October 31, 2017, which is valid for three years. According to the relevant preferential policies of the state for high-tech enterprises, the qualified high-tech enterprises shall pay the corporate income tax at a reduced income tax rate of 15% within three years from the year of the determination, and Shenbao Huacheng enjoys the tax preferential policy from 2017 to 2019. The qualification of Shenbao Huacheng as a national high-tech enterprise this year is under review.

2) The Company's subsidiary, Wuyuan Jufangyong, obtained the "High-tech Enterprise Certificate" (Certificate

number is GR201836000703) jointly issued by the Science and Technology Department of Jiangxi Province, the Finance Department of Jiangxi Province, and Jiangxi Provincial Tax Service, State Taxation Administration on August 13, 2018, which is valid for three years. According to the relevant preferential policies of the state for high-tech enterprises, the qualified high-tech enterprises shall pay the corporate income tax at a reduced income tax rate of 15% within three years from the year of the determination, and Wuyuan Jufangyong enjoys the tax preferential policy from 2018 to 2020.

3) According to the “Notice on the Issues Concerning the Treatment of Corporate Income Taxes for Fiscal Funds of Special Purposes of the Ministry of Finance and the State Administration of Taxation (CS [2009] No. 87), the government service income obtained by SZCG, the Company’s subsidiary, and its subsidiaries from the government’s grain reserve business is a special-purpose fiscal fund, which can be used as non-taxable income if eligible and is deducted from the total income when calculating the taxable income. The expenses arising from the above-mentioned non-taxable income for expenditure shall not be deducted when calculating the taxable income; the calculated depreciation and amortization of the assets formed by non-taxable income for expenditure shall not be deducted when calculating the taxable income.

4) Shenzhen Flour, a subsidiary of the Company, is a flour primary processing enterprise, according to the stipulations of the “Notice on Issuing the Scope (Trial) of Primary Processing of Agricultural Products Applicable to the Corporate Income Tax Preferential Policy (CS [2008] No. 149)” and the “Supplementary Notice on the Scope of Primary Processing of Agricultural Products Applicable to the Corporate Income Tax Preferential Policy of the Ministry of Finance and the State Administration of Taxation” (CS [2011] No. 26), the wheat primary processing is exempt from income tax.

5) According to the Article one of the “Notice of the Ministry of Finance and the State Administration of Taxation on the Corporate Income Tax Preferential Policies and Preferential Catalogue for Guangdong Hengqin New District, Fujian Pingtan Comprehensive Experimental Zone, and Shenzhen Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” (CS [2014] No.26), levy the corporate income tax at a reduced income tax rate of 15% for the encouraged industrial enterprises located in Hengqin New District, Pingtan Comprehensive Experimental Zone and Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone. The Company’s subsidiaries, Shenliang Cold-Chain Logistic and Shenliang Big Kitchen, are registered in Shenzhen Qianhai Cooperation Zone and meet the preferential tax conditions, according to the relevant policies in the Cooperation Zone, their income tax enjoys a tax preference of 15%, and this preferential tax policy shall be up to 2020.

### **3. Other**

Nil

## VII. Annotation to main items of consolidated financial statements

### 1. Monetary funds

In RMB

Item	Ending balance	Opening balance
Cash on hand	93,771.21	191,650.33
Cash in bank	113,457,423.97	154,658,586.69
Other monetary fund	85,791.20	104,520.83
Total	113,636,986.38	154,954,757.85

Other explanation

The Company did not has account pledge, freeze or has potential risks in collection ended as 30 June 2020.

### 2. Tradable financial assets

In RMB

Item	Ending balance	Opening balance
Financial assets measured by fair value and with variation reckoned into current gains/losses	593,425.30	1,166,209.72
Including:		
Equity investment instrument	593,425.30	1,166,209.72
Including:		
Total	593,425.30	1,166,209.72

Other explanation:

Ending balance refers to the 258,011 shares of A-stock under the name of “CBC-A”

### 3. Derivative financial assets

In RMB

Item	Ending balance	Opening balance
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Other explanation :

### 4. Note receivable

#### (1) Category

In RMB

Item	Ending balance	Opening balance
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Bank acceptance bill	642,379.62	1,909,720.38
Total	642,379.62	1,909,720.38

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Including:										
Including:										

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

If the provision for bad debts of note receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

☐ Applicable ☒ Not applicable

## (2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	

Including major amount bad debt provision that collected or reversal in the period:

☐ Applicable ☒ Not applicable

## (3) Note receivable that pledged at period-end

In RMB

Item	Amount pledged at period-end
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#### (4) Notes endorsement or discount and undue on balance sheet date

In RMB

Item	Amount derecognition at period-end	Amount not derecognition at period-end
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#### (5) Notes transfer to account receivable due for failure implementation by drawer at period-end

In RMB

Item	Amount transfer to account receivable at period-end
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Other explanation

#### (6) Note receivable actually written-off in the period

In RMB

Item	Amount written-off
------	--------------------

Including important note receivable that written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on note receivable written-off

### 5. Account receivable

#### (1) Category

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	101,367,140.16	35.30%	98,727,160.11	97.40%	2,639,980.05	103,361,342.42	23.40%	99,663,780.43	96.42%	3,697,561.99
Including:										

Account receivable with single significant amount and withdrawal bad debt provision on single basis	10,455,627.54	3.64%	10,455,627.54	100.00%		10,455,627.54	2.36%	10,455,627.54	100.00%	
Account receivable with single minor amount but with bad debts provision accrued on a single basis	90,911,512.62	31.66%	88,271,532.57	97.10%	2,639,980.05	92,905,714.88	21.04%	89,208,152.89	96.02%	3,697,561.99
Account receivable with bad debt provision accrual on portfolio	185,782,232.26	64.70%	3,093,258.29	1.66%	182,688,973.97	338,299,930.10	76.60%	3,309,725.41	0.98%	334,990,204.69
Including:										
Accounts receivable with provision for bad debts by aging analysis	130,331,922.52	45.39%	3,093,258.29	2.37%	127,238,664.23	154,655,575.22	35.02%	3,309,725.41	2.14%	151,345,849.81
Specific object combinations	55,450,309.74	19.31%			55,450,309.74	183,644,354.88	41.58%			183,644,354.88
Total	287,149,372.42	100.00%	101,820,418.40	35.46%	185,328,954.02	441,661,272.52	100.00%	102,973,505.84	23.32%	338,687,766.68

Bad debt provision accrual on single basis: 98,727,160.11 Yuan

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Guangzhou Jinhe Feed Co., Ltd	10,455,627.54	10,455,627.54	100.00%	Slightly possibly taken back
Shenzhen Faqun Industry Co., Ltd.	4,582,156.00	4,582,156.00	100.00%	Slightly possibly taken back
Li Shaoyu	2,929,128.53	2,929,128.53	100.00%	Slightly possibly taken back
Zhuhai Doumen Huabi Feed Co., Ltd.	2,396,327.14	2,396,327.14	100.00%	Slightly possibly taken back
Chongqing Zhongxing Food Industry Co., Ltd.	2,354,783.30	2,354,783.30	100.00%	Slightly possibly taken back

Hengyang Feed factory	1,907,679.95	1,907,679.95	100.00%	Slightly possibly taken back
Other accounts receivable with extremely low probability of recovery over 5 years	76,741,437.70	74,101,457.65	96.56%	Slightly possibly taken back
Total	101,367,140.16	98,727,160.11	--	--

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio: 3,093,258.29 Yuan

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Specific object combinations	55,450,309.74	0.00	0.00%
Accounts receivable with provision for bad debts by aging analysis			
Within one year (including 1-year)	123,799,666.27	1,237,996.67	1.00%
1-2 years (including 2-year)	3,700,694.86	370,069.50	10.00%
2-3 years (including 3-year)	823,855.44	247,156.62	30.00%
3-4 years (including 4-year)	177,517.92	88,758.97	50.00%
4-5 years (including 5-year)	1,049,579.68	524,789.85	50.00%
Over 5 years	780,608.35	624,486.68	80.00%
Total	185,782,232.26	3,093,258.29	--

Explanation on portfolio determines:

Among them, the portfolio of specific objects mainly includes receivables from the government, reserve funds etc., no bad debt provision accrual.

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:



If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

☐ Applicable ☒ Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including 1-year)	179,612,011.03
1-2 years	5,216,041.40
2-3 years	810,328.13
Over 3 years	101,510,991.86
3-4 years	5,369,194.97
4-5 years	1,049,579.68
Over 5 years	95,092,217.21
Total	287,149,372.42

## (2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Accrued by combination	3,309,725.41	-216,467.12				3,093,258.29
Accrued by single item	99,663,780.43		936,620.32			98,727,160.11
Total	102,973,505.84	-216,467.12	936,620.32			101,820,418.40

Including major amount bad debt provision that collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way
------------	------------------------------	----------------

## (3) Account receivable actually written-off in the period

In RMB

Item	Amount written-off
------	--------------------

Including major account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on account receivable written-off:

#### (4) Top 5 account receivables at ending balance by arrears party

In RMB

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance	Bad debt preparation ending balance
First	16,972,520.00	5.91%	169,725.20
Second	10,455,627.54	3.64%	10,455,627.54
Third	10,414,520.40	3.63%	104,145.20
Fourth	10,110,243.00	3.52%	101,102.43
Fifth	9,807,933.95	3.42%	98,079.34
Total	57,760,844.89	20.12%	

#### (5) Account receivable de-recognized due to financial assets transfer

#### (6) Assets and liabilities resulted by account receivable transfer and continues involvement

Other explanation:

### 6. Account receivable financing

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

Changes of account receivable financing and change of fair value in the period

☐ Applicable ☒ Not applicable

If the impairment provision of account receivable financing is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about impairment provision:

☐ Applicable ☒ Not applicable

Other explanation:

### 7. Accounts paid in advance

#### (1) By account age

In RMB

Account age	Ending balance		Opening balance	
	Amount	Ratio	Amount	Ratio

Within one year	33,215,618.77	98.69%	8,782,989.64	95.44%
1-2 years	250,762.38	0.75%	200,837.84	2.18%
2-3 years	123,011.05	0.36%	59,439.42	0.65%
Over 3 years	67,746.99	0.20%	159,663.81	1.73%
Total	33,657,139.19	--	9,202,930.71	--

Explanation on reasons of failure to settle on important account paid in advance with age over one year:

Nil

## (2) Top 5 account paid in advance at ending balance by prepayment object

Total period-end balance of top five account paid in advance by prepayment object amounted to 24,733,028.63 Yuan, takes 73.48 percent of the total paid in advance at period-end.

Other explanation:

## 8. Other account receivable

In RMB

Item	Ending balance	Opening balance
Other account receivable	28,304,818.99	25,758,695.07
Total	28,304,818.99	25,758,695.07

### (1) Interest receivable

#### 1) Category

In RMB

Item	Ending balance	Opening balance
------	----------------	-----------------

#### 2) Significant overdue interest

In RMB

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis
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Other explanation:

#### 3) Accrual of bad debt provision

☐ Applicable ☒ Not applicable

## (2) Dividend receivable

### 1) Category

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
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### 2) Important dividend receivable with account age over one year

In RMB

Item (or invested enterprise)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis
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### 3) Accrual of bad debt provision

☐ Applicable ☒ Not applicable

Other explanation:

## (3) Other account receivable

### 1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Margin and deposit	20,878,108.40	13,760,145.15
Export tax rebate	263,845.71	
Other intercourse funds	104,321,388.16	109,796,076.74
Total	125,463,342.27	123,556,221.89

### 2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	2,996,278.20		94,801,248.62	97,797,526.82
Balance of Jan. 1, 2020 in the period	—	—	—	—

Current accrual	-603,642.41		204,763.50	-398,878.91
Current reversal			240,000.00	240,000.00
Current written off	124.63			124.63
Balance on Jun. 30, 2020	2,392,511.16		94,766,012.12	97,158,523.28

Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including 1-year)	18,100,976.18
1-2 years	5,214,737.01
2-3 years	2,216,899.04
Over 3 years	99,930,730.04
3-4 years	4,578,876.39
4-5 years	1,873,952.51
Over 5 years	93,477,901.14
Total	125,463,342.27

### 3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Combined accrual	2,996,278.20	-603,642.41		124.63		2,392,511.16
Single accrual	94,801,248.62	204,763.50	240,000.00			94,766,012.12
Total	97,797,526.82	-398,878.91	240,000.00	124.63		97,158,523.28

Including major amount with bad debt provision reverse or collected in the period:

In RMB

Enterprise	Amount reversal or collected	Collection way
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### 4) Other account receivable actually written-off in the period

In RMB

Item	Amount written-off
Other account receivable actually written-off	124.63

Including important other account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on other account receivable written-off:

### 5) Top 5 other receivables at ending balance by arrears party

In RMB

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
First	Intercourse funds	24,255,375.15	Within one year to 1-5 years and over	19.33%	21,768,266.87
Second	Intercourse funds	8,326,202.63	Over 5 years	6.64%	8,326,202.63
Three	Intercourse funds	5,602,468.81	Over 5 years	4.47%	5,602,468.81
Fourth	Intercourse funds	8,285,803.57	Over 5 years	6.60%	8,285,803.57
Fifth	Intercourse funds	5,677,473.59	Over 5 years	4.53%	5,677,473.59
Total	--	52,147,323.75	--	41.57%	49,660,215.47

### 6) Other account receivables related to government grants

In RMB

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted
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### 7) Other receivable for termination of confirmation due to the transfer of financial assets

### 8) The amount of assets and liabilities that are transferred other receivable and continued to be involved

Other explanation:

## 9. Inventories

Whether implemented the new revenue standards

No

### (1) Category

In RMB

Item	Ending balance	Opening balance
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	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value	Book balance	Inventories fall provision or contract performance costs impairment provision	Book value
Raw materials	65,435,509.36	19,314,135.53	46,121,373.83	56,703,874.41	19,314,135.53	37,389,738.88
Goods in process	22,376,777.89	282,586.46	22,094,191.43	20,109,513.82	282,586.46	19,826,927.36
Finished goods	3,467,344,541.26	101,746,356.80	3,365,598,184.46	3,095,488,288.29	101,687,483.68	2,993,800,804.61
Revolving material	10,202,638.83	830,388.06	9,372,250.77	9,029,409.09	952,393.40	8,077,015.69
Goods in transit	4,403,343.26	641,630.40	3,761,712.86	5,475,435.17		5,475,435.17
Work in process-outsource d	5,390,363.35	5,290,502.32	99,861.03	5,421,792.75	5,290,502.32	131,290.43
Total	3,575,153,173.95	128,105,599.57	3,447,047,574.38	3,192,228,313.53	127,527,101.39	3,064,701,212.14

## (2) Inventories fall provision or contract performance costs impairment provision

In RMB

Item	Opening balance	Current amount increased		Current amount decreased		Ending balance
		Accrual	Other	Reversal or write-off	Other	
Raw materials	19,314,135.53					19,314,135.53
Goods in process	282,586.46					282,586.46
Finished goods	101,687,483.68	95,412,048.38		94,711,544.86	641,630.40	101,746,356.80
Revolving material	952,393.40			122,005.34		830,388.06
Goods in transit			641,630.40			641,630.40
Work in process-outsource d	5,290,502.32					5,290,502.32
Total	127,527,101.39	95,412,048.38	641,630.40	94,833,550.20	641,630.40	128,105,599.57

**(3) Explanation on inventories with capitalization of borrowing costs included at ending balance**

**(4) Assets unsettled formed by construction contract which has completed at period-end**

**10. Contract assets**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Amount and reasons for the major changes of book value of contract assets in the period:

In RMB

Item	Amount changed	Cause of change
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If the bad debt provision of accrual contract is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad debt provision:

☐ Applicable ☒ Not applicable

Impairment provision of contract assets in the period

In RMB

Item	Current accrual	Current reversal	Charge off/Written-off	Causes
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Other explanation:

**11. Assets held for sale**

In RMB

Item	Ending book balance	Impairment provision	Ending book value	Fair value	Estimated disposal cost	Estimated disposal time
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Other explanation:

**12. Non-current asset due within one year**

In RMB

Item	Ending balance	Opening balance
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Important creditors' investment/ other creditors' investment

In RMB

Item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Other explanation:



### 13. Other current assets

In RMB

Item	Ending balance	Opening balance
Input tax to be deducted	96,429,377.35	83,157,841.68
Prepaid income tax	9,441.17	15,985.35
Financial products held to maturity within one year	310,000,000.00	385,000,000.00
Other		553.37
Total	406,438,818.52	468,174,380.40

Other explanation:

### 14. Creditors' investment

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Important creditors' investment

In RMB

Item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Accrual of impairment provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2020 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

Other explanation:

### 15. Other creditors' investment

In RMB

Item	Opening balance	Accrual interest	Change of fair value in the period	Ending balance	Cost	Accumulated change of fair value	Loss impairment accumulated recognized in other comprehensive income	Note
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Important other creditors' investment

In RMB

Other creditor item	Ending balance				Opening balance			
	Face value	Coupon rate	Actual rate	Maturity date	Face value	Coupon rate	Actual rate	Maturity date

Accrual of impairment provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance of Jan. 1, 2020 in the period	—	—	—	—

Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

Other explanation:

## 16. Long-term account receivable

### (1) Long-term account receivable

In RMB

Item	Ending balance			Opening balance			Discount rate interval
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	

Impairment of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	

Balance of Jan. 1, 2020 in the period	—	—	—	—
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Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

## (2) Long-term account receivable derecognition due to financial assets transfer

## (3) Assets and liabilities resulted by long-term account receivable transfer and continues involvement

Other explanation

## 17. Long-term equity investment

In RMB

The investe d entity	Openin g balance (book value)	Current changes (+,-)								Ending balance (book value)	Ending balance of impair ment provisi on
		Additio nal investm ent	Capital reducti on	Investm ent gains recogni zed under equity	Other compre hensive income adjustm ent	Other equity change	Cash dividen d or profit announ ced to issued	Accrual of impair ment provisi on	Other		
I. Joint venture											
II. Associated enterprise											
Shenzh en Shenba o (Xinmi n) Foods Co., Ltd*1	2,870,0 00.00									2,870,0 00.00	2,870,0 00.00
Shenzh en Shenba o (Liaoyu an) Industri al Co., Ltd*1	57,628. 53									57,628. 53	57,628. 53

Changz hou Shenba o Chacan g E-busin ess Co., ltd.*2											
Huizho u Shenba o Manan Bio-tec hnolog y Co., Ltd.											
Shenzh en Shichu mingm en Restaur ant Manage ment Co., Ltd.*2											
Guangz hou Shenba o Menda o Tea Co., Ltd.	2,211,4 29.68		2,162,9 24.05	-48,505 .63							
Zhuhai Hengxi ng Feed Industri al Co., Ltd.	31,636, 707.22			221,20 3.08						31,857, 910.30	

Shenzh en Duoxi Equity Investm ent Fund Manage ment Co., Ltd.	3,703,6 04.80			-5,039. 49						3,698,5 65.31	
Shenlia ng Intellig ent Wulian Equity Investm ent Fund (Shenz hen) Partner ship Enterpr ise (Limite d)	25,933, 923.35			-172,86 3.43						25,761, 059.92	
SHENZ HEN SYDAT A TECH NOLO GY CO., LTD	9,875,6 47.05			372,19 4.90						10,247, 841.95	
Subtota l	76,288, 940.63		2,162,9 24.05	366,98 9.43						74,493, 006.01	2,927,6 28.53
Total	76,288, 940.63		2,162,9 24.05	366,98 9.43						74,493, 006.01	2,927,6 28.53

Other explanation

\*1: these two companies have been established for a long time. At the current stage, their business licenses have been revoked.

Impairment provision is made in full due to absence of settlement.

\*2: the long-term equity investment for Changzhou Shenbao Chacang E-commerce Co., Ltd and Shenzhen Shichumingmen Restaurant Management Co., Ltd. which are measured by equity; the book balance counted as Zero for losses in the two above mentioned enterprises

## 18. Other equity instrument investment

In RMB

Item	Ending balance	Opening balance
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Itemized the non-tradable equity instrument investment in the period

In RMB

Item	Dividend income recognized	Cumulative gains	Cumulative losses	Retained earnings transfer from other comprehensive income	Causes of those that designated measured by fair value and with its variation reckoned into other comprehensive income	Cause of retained earnings transfer from other comprehensive income
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Other explanation:

## 19. Other non-current financial assets

In RMB

Item	Ending balance	Opening balance
Equity instrument investment	57,500.00	57,500.00
Total	57,500.00	57,500.00

Other explanation:

## 20. Investment real estate

### (1) Measured at cost

√ Applicable □ Not applicable

In RMB

Item	House and building	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	590,440,328.15			590,440,328.15
2. Current amount increased				

(1) Outsourcing				
(2) Inventory\fixed assets\construction in process transfer-in				
(3) Increased by combination				
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	590,440,328.15			590,440,328.15
II. Accumulated depreciation and accumulated amortization				
1.Opening balance	320,735,390.98			320,735,390.98
2.Current amount increased	8,333,518.82			8,333,518.82
(1) Accrual or amortization	8,333,518.82			8,333,518.82
3.Current amount decreased				
(1) Disposal				
(2) Other transfer-out				
4.Ending balance	329,068,909.80			329,068,909.80
III. Impairment provision				
1.Opening balance				
2.Current amount increased				
(1) Accrual				
3. Current amount decreased				

(1) Disposal				
(2) Other transfer-out				
4. Ending balance				
IV. Book value				
1. Ending book value	261,371,418.35			261,371,418.35
2. Opening book value	269,704,937.17			269,704,937.17

## (2) Measure on fair value

☐ Applicable ☒ Not applicable

## (3) Investment real estate without property certificate completed

In RMB

Item	Book value	Reasons
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Other explanation

## 21. Fixed assets

In RMB

Item	Ending balance	Opening balance
Fixed assets	1,081,579,471.16	945,042,032.69
Total	1,081,579,471.16	945,042,032.69

### (1) Fixed assets

In RMB

Item	House and buildings	Machinery equipment	Transport equipment	Electronic and other equipment	Total
I. Original book value:					
1. Opening balance	896,518,401.77	452,026,081.27	18,721,521.51	60,760,300.85	1,428,026,305.40
2. Current amount increased	92,284,570.08	68,069,212.26	275,671.91	4,354,342.18	164,983,796.43
(1) Purchase		773,815.53	275,671.91	4,354,342.18	5,403,829.62
(2) Construction in progress transfer-in	92,284,570.08	67,295,396.73			159,579,966.81



(3) Increased by combination					
3.Current amount decreased			2,087,845.63	659,802.96	2,747,648.59
(1) Disposal or scrap			2,087,845.63	649,275.81	2,737,121.44
(2) Other decreases				10,527.15	10,527.15
4.Ending balance	988,802,971.85	520,095,293.53	16,909,347.79	64,454,840.07	1,590,262,453.24
II. Accumulated depreciation					
1.Opening balance	191,240,117.01	232,572,819.43	13,702,651.03	40,480,125.26	477,995,712.73
2.Current amount increased	12,802,425.81	11,187,292.49	694,846.01	3,575,140.51	28,259,704.82
(1) Accrual	12,802,425.81	11,187,292.49	694,846.01	3,575,140.51	28,259,704.82
3.Current amount decreased			1,955,107.84	604,275.89	2,559,383.73
(1) Disposal or scrap			1,955,107.84	600,780.69	2,555,888.53
(2) Other decreases				3,495.20	3,495.20
4.Ending balance	204,042,542.82	243,760,111.92	12,442,389.20	43,450,989.88	503,696,033.82
III. Impairment provision					
1.Opening balance	689,332.71	4,285,356.15		13,871.12	4,988,559.98
2.Current amount increased					
(1) Accrual					
3.Current amount decreased				1,611.72	1,611.72
(1) Disposal or scrap				1,611.72	1,611.72
4.Ending balance	689,332.71	4,285,356.15		12,259.40	4,986,948.26

IV. Book value					
1. Ending book value	784,071,096.32	272,049,825.46	4,466,958.59	20,991,590.79	1,081,579,471.16
2. Opening book value	704,588,952.05	215,167,905.69	5,018,870.48	20,266,304.47	945,042,032.69

## (2) Temporarily idle fixed assets

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Note
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## (3) Fixed assets by financing leased

In RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value
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## (4) Fixed assets leased out by operation

In RMB

Item	Ending book value
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## (5) Fix assets without property certification held

In RMB

Item	Book value	Reasons for without the property certification
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Other explanation

## (6) Fixed assets disposal

In RMB

Item	Ending balance	Opening balance
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Other explanation

## 22. Construction in progress

In RMB

Item	Ending balance	Opening balance
Construction in progress	749,918,300.15	771,971,469.43

Total	749,918,300.15	771,971,469.43
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### (1) Construction in progress

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Shenbao Plaza project	3,842,333.64	3,842,333.64		3,842,333.64	3,842,333.64	
Dongguan grain storage and wharf matching project	223,530,693.42		223,530,693.42	197,140,797.10		197,140,797.10
Deep processing of Dongguan Industry and Trading Food	168,072.78		168,072.78	120,065,528.37		120,065,528.37
CDE storage of Dongguan Food Industrial Park and wharf mating projects	455,953,672.54		455,953,672.54	399,913,306.49		399,913,306.49
Grain storage and processing	61,836,807.88		61,836,807.88	42,489,084.80		42,489,084.80
Workshop transformation of Flour Company	564,930.37		564,930.37	868,932.37		868,932.37
Low-temperature renovation reconstruction and expansion project in Pinghu	2,770,358.30		2,770,358.30	7,096,256.57		7,096,256.57
Other	5,996,954.60	903,189.74	5,093,764.86	5,300,753.47	903,189.74	4,397,563.73
Total	754,663,823.53	4,745,523.38	749,918,300.15	776,716,992.81	4,745,523.38	771,971,469.43

### (2) Changes of major construction in progress

In RMB

Item Name	Budget	Opening balance	Current amount increased	Transfer-in fixed assets	Other decrease d in the Period	Ending balance	Proporti on of project investme nt in budget	Progress	Accumul ated capitaliz ation of interest	Includin g: amount of capitaliz ation of interest in Period	Interest capitaliz ation rate in Period	Capital resources
Donggua n grain storage and wharf matching project	1,242,000,000.00	197,140,797.10	26,889,938.36	500,042.04		223,530,693.42	71.00%	71.00%	29,344,418.21	4,882,414.48	4.90%	Financial institution loans
Deep processi ng of Donggua n Industry and Trading Food	292,000,000.00	120,065,528.37	287,272.65	120,184,728.24		168,072.78	41.00%	41.00%	4,834,080.16		4.90%	Financial institution loans
CDE storage of Donggua n Food Industria l Park and wharf mating projects	960,000,000.00	399,913,306.49	56,040,366.05			455,953,672.54	79.00%	79.00%	59,231,615.42	11,502,942.88	5.64%	Financial institution loans
Total	2,494,000,000.00	717,119,631.96	83,217,577.06	120,684,770.28		679,652,438.74	--	--	93,410,113.79	16,385,357.36		--

### (3) The provision for impairment of construction in progress

In RMB

Item	Amount accrual in the period	Reasons of accrual
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Other explanation

#### (4) Engineering material

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value

Other explanation:

### 23. Productive biological asset

#### (1) Measured by cost

√ Applicable □ Not applicable

In RMB

Item	Plant	Livestock	Forestry	Fisheries	Total
			Tea tree		
I. Original book value					
1. Opening balance			416,771.28		416,771.28
2. Current amount increased					
(1) Outsourcing					
(2) self-cultivate					
3. Current amount decreased					
(1) Disposal					
(2) Other					
4. Ending balance			416,771.28		416,771.28
II. Accumulated depreciation					
1. Opening balance			19,384.72		19,384.72
2. Current amount increased			4,846.18		4,846.18
(1) Accrual			4,846.18		4,846.18

3.Current amount decreased					
(1)Disposal					
(2)Other					
4.Ending balance			24,230.90		24,230.90
III. Impairment provision					
1.Opening balance					
2.Current amount increased					
(1)Accrual					
3.Current amount decreased					
(1)Disposal					
(2)Other					
4.Ending balance					
IV. Book value					
1.Ending book value			392,540.38		392,540.38
2. Opening book value			397,386.56		397,386.56

## (2) Measured by fair value

☐ Applicable ☒ Not applicable

## 24. Oil and gas asset

☐ Applicable ☒ Not applicable

## 25. Right-of-use asset

In RMB

Item		Total
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Other explanation:

## 26. Intangible assets

### (1) Intangible assets

In RMB

Item	Land use right	Patent	Non-patent technology	Other	Total
I. Original book value					
1. Opening balance	630,510,783.19	47,245,918.89	11,311,677.63	32,955,523.47	722,023,903.18
2. Current amount increased			5,497,797.99	240,000.00	5,737,797.99
(1) Purchase			5,497,797.99	0.00	5,497,797.99
(2) internal R&D			0.00	240,000.00	240,000.00
(3) Increased by combination					
3. Current amount decreased			0.00	0.00	0.00
(1) Disposal			0.00	0.00	0.00
4. Ending balance	630,510,783.19	47,245,918.89	16,809,475.62	33,195,523.47	727,761,701.17
II. Accumulated depreciation					
1. Opening balance	84,816,102.13	25,893,578.33	5,018,387.91	10,445,149.92	126,173,218.29
2. Current amount increased	7,597,938.70	922,718.55	1,695,920.94	753,100.29	10,969,678.48
(1) Accrual	7,597,938.70	922,718.55	1,445,533.19	753,100.29	10,719,290.73
(2) Other decreases			250,387.75	0.00	250,387.75
3. Current amount decreased			0.00	0.00	0.00
(1) Disposal			0.00	0.00	0.00

4. Ending balance	92,414,040.83	26,816,296.88	6,714,308.85	11,198,250.21	137,142,896.77
III. Impairment provision					
1. Opening balance		5,553,283.54	1,130,341.88	0.00	6,683,625.42
2. Current amount increased			0.00	0.00	0.00
(1) Accrual					
3. Current amount decreased			0.00	0.00	0.00
(1) Disposal			0.00	0.00	0.00
4. Ending balance		5,553,283.54	1,130,341.88	0.00	6,683,625.42
IV. Book value					
1. Ending book value	538,096,742.36	14,876,338.47	8,964,824.89	21,997,273.26	583,935,178.98
2. Opening book value	545,694,681.06	15,799,057.02	5,162,947.84	22,510,373.55	589,167,059.47

Ratio of the intangible assets from internal R&D in balance of intangible assets at period-end

## (2) Land use rights without certificate of ownership

In RMB

Item	Book value	Reasons for without the property certification
Land use right	26,124,232.19	Still under processing
Land use right	7,849,990.00	Collective land, cannot handle the certificate of ownership
Total	33,974,222.19	

Other explanation:

## 27. Expense on Research and Development

In RMB



Item	Opening balance	Current amount increased			Current amount decreased			Ending balance
		Internal development expenditure	Other		Confirmed as intangible assets	Transfer to current profit and loss		
Total								

Other explanation

## 28. Goodwill

### (1) Original book value

In RMB

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Formed by business combination		Dispose		
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	673,940.32					673,940.32

### (2) impairment provision

In RMB

The invested entity or matters forming goodwill	Opening balance	Current increased		Current decreased		Ending balance
		Accrual		Dispose		
Yunnan Pu'er Tea Trading Center Co., Ltd.	673,940.32					673,940.32
Total	673,940.32					673,940.32

Relevant information about the assets group or portfolio goodwill included

In May 2016, the 15% equity of Pu'er Tea Trading Center held by Yunnan Heng Feng Xiang Investment Co., Ltd was acquired by Ju Fang Yong Holding, the sub-subsidiary of the Company, after completion of the acquisition, the Company has control over the Pu'er Tea Trading Center. The balance between the combined cost and the fair value of net assets on the combining date formed goodwill of RMB 673,940.32.

Instructions for goodwill impairments test process and key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, and forecast period when estimating the present value of the future cash flow), and the method of confirming the impairment loss of goodwill:

Impact of goodwill impairment test

Other explanation

## 29. Long-term expenses to be apportioned

In RMB

Item	Opening balance	Current amount increased	Current amortization	Other decreased	Ending balance
Improve expenditure for fix assets	9,211,089.66	5,178,825.70	1,111,933.61		13,277,981.75
Decoration fee	4,528,548.18	425,002.88	1,060,372.51		3,893,178.55
Improve expenditure for investment real estate					
Affiliated project of resident area in Wuyuan Ju Fang Yong	124,210.64		14,278.97		109,931.67
Other *1	5,991,380.21	198,882.04	638,303.53		5,551,958.72
Total	19,855,228.69	5,802,710.62	2,824,888.62		22,833,050.69

Other explanation

\*1. Mainly due to long-term deferred expenses such as Huizhou Shenbao 2.55 million yuan (including outdoor sewage installation and system maintenance costs), Shenzhen Cereals Group 2.18 million yuan (including maintenance auxiliary costs).

## 30. Deferred income tax asset /Deferred income tax liabilities

### (1) Deferred income tax assets without offset

In RMB

Item	Ending balance		Opening balance	
	Deductible temporary differences	Deferred income tax asset	Deductible temporary differences	Deferred income tax asset
Impairment provision for assets	59,454,288.69	14,511,971.59	58,355,685.95	14,290,490.90
Unrealized profits in internal transactions	2,983,604.44	452,523.40	973,157.01	243,289.25
Deferred income	118,461.58	29,615.39	183,076.96	45,769.24
Credit impairment loss	98,701,484.68	24,558,903.71	98,478,516.09	24,503,161.57
Total	161,257,839.39	39,553,014.09	157,990,436.01	39,082,710.96

**(2) Deferred income tax liability without offset**

In RMB

Item	Ending balance		Opening balance	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment of enterprise combine under different control	49,427,574.56	12,356,893.67	50,255,008.79	12,563,752.22
Total	49,427,574.56	12,356,893.67	50,255,008.79	12,563,752.22

**(3) Deferred income tax assets and deferred income tax liabilities listed after off-set**

In RMB

Item	Trade-off between the deferred income tax assets and liabilities	Ending balance of deferred income tax assets or liabilities after off-set	Trade-off between the deferred income tax assets and liabilities at period-begin	Opening balance of deferred income tax assets or liabilities after off-set
Deferred income tax asset		39,553,014.09		39,082,710.96
Deferred income tax liabilities		12,356,893.67		12,563,752.22

**(4) Details of uncertain deferred income tax assets**

In RMB

Item	Ending balance	Opening balance
Deductible temporary differences	310,359,937.89	309,898,433.67
Deductible loss	330,162,451.72	330,162,451.72
Total	640,522,389.61	640,060,885.39

**(5) Deductible losses of un-recognized deferred income tax assets expired on the followed year**

In RMB

Year	Ending amount	Opening amount	Note
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Other explanation:

**31. Other non-current asset**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepaid for equipment	611,965.84		611,965.84	611,965.84		611,965.84
Prepaid for system	1,260,000.00		1,260,000.00	1,260,000.00		1,260,000.00
Total	1,871,965.84		1,871,965.84	1,871,965.84		1,871,965.84

Other explanation:

### 32. Short-term loans

#### (1) Category

In RMB

Item	Ending balance	Opening balance
Loan in credit	271,271,250.10	23,595,000.00
Total	271,271,250.10	23,595,000.00

Explanation on category of short-term loans:

#### (2) Overdue short-term loans without payment

RMB 0 short-term loans over due without paid at period-end, including follow major amount:

In RMB

Borrower	Ending balance	Loan rate	Overdue time	Overdue interest
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Other explanation:

### 33. Tradable financial liability

In RMB

Item	Ending balance	Opening balance
Including:		
Including:		

Other explanation:

### 34. Derivative financial liability

In RMB

Item	Ending balance	Opening balance
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Other explanation:

### 35. Note payable

In RMB

Category	Ending balance	Opening balance
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Notes expired at year-end without paid was 0 Yuan.

### 36. Account payable

#### (1) Account payable

In RMB

Item	Ending balance	Opening balance
Trade accounts payable	128,507,402.75	201,806,654.53
Account payable for engineering	42,327,591.67	55,979,629.86
Other	2,235,937.35	8,337,186.59
Total	173,070,931.77	266,123,470.98

#### (2) Major accounts payable with age over one year

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
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Other explanation:

### 37. Accounts received in advance

#### (1) Accounts received in advance

In RMB

Item	Ending balance	Opening balance
Account for goods received in advance	99,465,819.87	134,989,316.21
Other	245,029,442.81	2,222,515.79
Total	344,495,262.68	137,211,832.00

#### (2) Important account received in advance with account age over one year

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
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Other explanation:

### 38. Contract liabilities

In RMB

Item	Ending balance	Opening balance
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Amount and reasons for important changes of book value in the period

In RMB

Item	Amount changed	Reasons of changes
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### 39. Wage payable

#### (1) Wage payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
I. Short-term compensation	170,486,447.93	130,920,373.69	150,463,161.73	150,943,659.89
II. After-service welfare-defined contribution plans	23,551,781.02	2,852,565.20	8,423,662.17	17,980,684.05
III. Dismissed welfare	1,038,347.60	904,781.49	1,095,309.49	847,819.60
Total	195,076,576.55	134,677,720.38	159,982,133.39	169,772,163.54

#### (2) Short-term compensation

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Wage, bonus, allowance and subsidy	160,062,092.35	115,565,270.15	132,354,865.33	143,272,497.17
2. Employees' welfare	675,866.67	5,533,003.42	6,208,870.09	
3. Social insurance charges	86,045.19	2,719,819.84	2,716,032.70	89,832.33
Including: medical insurance premium	41,753.99	2,441,198.47	2,435,855.76	47,096.70
Industrial injury insurance premiums	605.17	12,076.99	12,483.13	199.03
Maternity insurance premiums	2,300.25	102,398.80	103,548.23	1,150.82
Other	41,385.78	164,145.58	164,145.58	41,385.78
4. Housing public reserve	124,800.30	4,912,048.64	4,912,048.64	124,800.30

5. Trade union fee and education fee	9,537,643.42	2,190,231.64	4,271,344.97	7,456,530.09
Total	170,486,447.93	130,920,373.69	150,463,161.73	150,943,659.89

### (3) Defined contribution plans

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
1. Basic endowment insurance premiums	423,432.45	980,175.14	1,020,483.44	383,124.15
2. Unemployment insurance premiums	2,554.47	11,579.54	12,231.87	1,902.14
3. Enterprise annuity	23,125,794.10	1,860,810.52	7,390,946.86	17,595,657.76
Total	23,551,781.02	2,852,565.20	8,423,662.17	17,980,684.05

Other explanation:

### 40. Taxes payable

In RMB

Item	Ending balance	Opening balance
VAT	1,900,674.71	2,206,356.73
Enterprise income tax	6,397,513.34	30,123,982.59
Personal income tax	6,060,057.17	1,251,969.61
Urban maintenance and construction tax	110,080.86	104,892.72
House property tax	3,197,932.81	1,348,616.75
Educational surtax	83,167.68	78,996.91
Use tax of land	656,594.09	275,026.35
Stamp tax	107,301.51	599,525.05
Other	801,143.08	1,058,246.76
Total	19,314,465.25	37,047,613.47

Other explanation:

### 41. Other account payable

In RMB

Item	Ending balance	Opening balance
Interest payable	802,489.86	1,411,457.29
Dividend payable	2,933,690.04	2,933,690.04
Other account payable	374,873,923.29	232,032,023.80

Total	378,610,103.19	236,377,171.13
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### (1) Interest payable

In RMB

Item	Ending balance	Opening balance
Long-term loans interest for installment	802,489.86	1,411,457.29
Total	802,489.86	1,411,457.29

Major overdue interest:

In RMB

Borrower	Overdue amount	Overdue causes
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Other explanation:

### (2) Dividend payable

In RMB

Item	Ending balance	Opening balance
Unmanaged shares	242,719.90	242,719.90
Shenzhen Investment Management Company *1	2,690,970.14	2,690,970.14
Total	2,933,690.04	2,933,690.04

Other explanation, including important dividend payable over one year without payment, disclose reasons for un-paid:

\*1Former largest shareholder, problems left over from historical guarantees.

### (3) Other account payable

#### 1) By nature

In RMB

Item	Ending balance	Opening balance
Engineering quality retention money and fund of tail	12,449,033.63	3,797,078.78
Deposit and margin	142,989,893.26	116,032,480.36
Intercourse funds and other	203,877,982.99	105,177,684.59
Drawing expenses in advance	15,557,013.41	7,024,780.07
Total	374,873,923.29	232,032,023.80



## 2) Significant other account payable with over one year age

In RMB

Item	Ending balance	Reasons of outstanding or carry-over
Zhanjiang Changshan (Shenzhen) Ecological Breeding Co., Ltd.	7,999,570.83	Not yet expired
Total	7,999,570.83	--

Other explanation

## 42. Liability held for sale

In RMB

Item	Ending balance	Opening balance
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Other explanation:

## 43. Non-current liabilities due within one year

In RMB

Item	Ending balance	Opening balance
Long-term loans due within one year	71,800,514.64	67,420,012.16
Total	71,800,514.64	67,420,012.16

Other explanation:

## 44. Other current liabilities

In RMB

Item	Ending balance	Opening balance
Government service revenue appropriation in advance	684,034.12	219,151,968.63
Total	684,034.12	219,151,968.63

Change of short-term bonds payable:

In RMB

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period		Ending balance
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Other explanation:

#### 45. Long-term loans

##### (1) Category

In RMB

Item	Ending balance	Opening balance
Mortgage loan	712,348,080.85	673,642,296.22
Guarantee loan	147,083,964.13	162,270,260.19
Total	859,432,044.98	835,912,556.41

Explanation on category of long-term loans:

Other explanation, including interest rate range:

#### 46. Bonds payable

##### (1) Bonds payable

In RMB

Item	Ending balance	Opening balance
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##### (2) Changes of bonds payable (not including the other financial instrument of preferred stock and perpetual capital securities that classify as financial liability)

In RMB

Bonds	Face value	Issuance date	Bonds term	Amount issued	Opening balance	Issued in the period	Accrual interest by face value	Premium and discount amortization	Paid in the period		Ending balance
Total	--	--	--								

##### (3) Convertible conditions and time for shares transfer for the convertible bonds

##### (4) Other financial instruments classify as financial liability

Basic information of the outstanding preferred stock and perpetual capital securities at period-end

Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-beginning		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Basis for financial liability classification for other financial instrument

Other explanation

#### 47. Lease liability

In RMB

Item	Ending balance	Opening balance
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Other explanation

#### 48. Long-term account payable

In RMB

Item	Ending balance	Opening balance
Special account payable	15,990,925.48	15,856,950.01
Total	15,990,925.48	15,856,950.01

##### (1) By nature

In RMB

Item	Ending balance	Opening balance
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Other explanation:

##### (2) Special account payable

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Depreciation fund for grain deposits and special fund for grain industry research	15,856,950.01	133,975.47		15,990,925.48	The depreciation fund of the reserve grain depot is allocated by the finance to SZCG as a special fund and interest that the government invests in the depreciation of the reserve grain depot.
Total	15,856,950.01	133,975.47		15,990,925.48	--

Other explanation:

#### 49. Long-term wage payable

##### (1) Long-term wage payable

In RMB

Item	Ending balance	Opening balance
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##### (2) Changes of defined benefit plans

Present value of the defined benefit plans:

In RMB

Item	Current Period	Last Period
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Scheme assets:

In RMB

Item	Current Period	Last Period
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Net liability (assets) of the defined benefit plans

In RMB

Item	Current Period	Last Period
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Content of defined benefit plans and relevant risks, impact on future cash flow of the Company as well as times and uncertainty:

Major actuarial assumption and sensitivity analysis:

Other explanation:

#### 50. Accrual liabilities

In RMB

Item	Ending balance	Opening balance	Causes
External guarantee	3,500,000.00	3,500,000.00	Note 1
Total	3,500,000.00	3,500,000.00	--

Other explanation, including relevant important assumptions and estimation:

Note 1: For the guarantee of Changzhou Shenbao within the scope of 3.5 million yuan to provide joint liability for compensation.

#### 51. Deferred income

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance	Causes
Government subsidies related to assets	101,750,431.65	5,000,000.00	2,055,335.31	104,695,096.34	See table below for details

Government subsidies related to income	41,809.66		11,000.00	30,809.66	See table below for details
Total	101,792,241.31	5,000,000.00	2,066,335.31	104,725,906.00	--

Item with government grants involved:

In RMB

Liability	Opening balance	New grants in the Period	Amount reckoned in non-operation revenue	Amount reckoned in other income	Cost reduction in the period	Other changes	Ending balance	Assets-related/income related
(1) Base of further processing for tea and nature plants	825,000.00			137,500.00			687,500.00	Assets-related
(2) Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	1,783,276.57			102,012.30			1,681,264.27	Assets-related
(3) Project grants for years for agricultural district, Xihu Zone	183,076.96			64,615.38			118,461.58	Assets-related
(4) Key technology research and development for the	235,113.94			105,790.60			129,323.34	Assets-related

preparation of high-quality aroma extracts based on the use of tea aroma precursors								
(5) Key technology research and development for the preparation of high-quality aroma extracts based on the use of tea aroma precursors	41,809.66			11,000.00			30,809.66	Income-related
(6) Industrialization of instant tea powder	1,887,690.79			98,222.94			1,789,467.85	Assets-related
(7) Grant for key technology research and industrialization of instant tea powder	138,766.19			7,122.51			131,643.68	Assets-related
(8) Special fund for the development of	3,187,683.87			175,604.54			3,012,079.33	Assets-related

strategic emerging industries in Shenzhen (plant deep processing engineering) (Shen Development & Reform No. 20131601)								
(9) Construction amount for 50 tons for clearly processing for Mingyou tea	374,999.98			62,500.02			312,499.96	Assets-related
(10) Subsidy for tea seeding of New Tea Garden in Wangkou	45,020.68			554.64			44,466.04	Assets-related
(11) Subsidy for supply system construction of agricultural products	550,000.00			100,000.00			450,000.00	Assets-related
(12) Grain storage project of Dongguan Shenliang Logistics	7,980,160.71			131,128.56			7,849,032.15	Assets-related

Co., Ltd. - Storage A								
(13) Phase II of grain storage project of Dongguan Shenliang Logistics Co., Ltd.- Storage B	31,937,399 .00			515,650.26			31,421,748 .74	Assets-rela ted
(14) Grain, oil and food headquarte rs and innovative public service platform of Dongguan Shenliang Logistics Co., Ltd.	18,000,000 .00						18,000,000 .00	Assets-rela ted
(15) Special funds for intelligent upgrading and transformat ion of grain warehouse for the 2017 “Grain Safety Project”	11,320,000. 00						11,320,000 .00	Assets-rela ted
(16) Constructio n of 450000 ton silos and	17,387,647 .07			16,511.20			17,371,135 .87	Assets-rela ted



60000 ton film silos -CDE warehouse. Gas storage bin								
(17) Special fund for agricultural developme nt of 2016- agricultural product safety testing project- capacity building of the third party inspection institution expansion evaluation	328,000.00						328,000.00	Assets-rela ted
(18) Agricultura l product safety testing project of the special fund for agricultural developme nt of 2016 - Central investment fund	684,000.00						684,000.00	Assets-rela ted
(19) Constructio n of O2O community	1,750,835. 16			19,288.02			1,731,547. 14	Assets-rela ted

sales service system for high quality grain and oil based on B2C E-commerce platform								
(20) Industrialization of Doximi E-commerce platform	1,961,094.13			418,834.32			1,542,259.81	Assets-related
(21) Commercial circulation development project funding for year of 2017	524,000.00						524,000.00	Assets-related
(22) Intelligent management of grain depot based on mobile internet	666,666.60			100,000.02			566,666.58	Assets-related
(23) Special Fund for Grain Depot Upgrade of Shenzhen Development and Reform		5,000,000.00					5,000,000.00	Assets-related

Commission								
Total	101,792,241.31	5,000,000.00		2,066,335.31			104,725,906.00	

Other explanation:

## 52. Other non-current liabilities

In RMB

Item	Ending balance	Opening balance
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Other explanation:

## 53. Share capital

In RMB

	Opening balance	Increased (decreased) in this period +,-					Ending balance
		New shares issued	Bonus shares	Shares converted from public reserve	Other	Subtotal	
Total shares	1,152,535,254.00						1,152,535,254.00

Other explanation:

## 54. Other equity instrument

### (1) Basic information of the outstanding preferred stock and perpetual capital securities at period-end

### (2) Changes of outstanding preferred stock and perpetual capital securities at period-end

In RMB

Outstanding financial instrument	Period-beginning		Current increased		Current decreased		Period-end	
	Amount	Book value	Amount	Book value	Amount	Book value	Amount	Book value

Changes of other equity instrument, change reasons and relevant accounting treatment basis:

Other explanation:

## 55. Capital public reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
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Capital premium (Share capital premium)	1,413,996,347.50			1,413,996,347.50
Other capital reserve	8,896,381.86			8,896,381.86
Total	1,422,892,729.36			1,422,892,729.36

Other instructions, including changes in the current period, reasons for the change:

## 56. Treasury stock

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
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Other explanation, including changes and reasons for changes:

## 57. Other comprehensive income

In RMB

Item	Opening balance	Current Period						Ending balance
		Account before income tax in the period	Less: written in other comprehensive income in previous period and carried forward to gains and losses in current period	Less: written in other comprehensive income in previous period and carried forward to retained earnings in current period	Less: income tax expense	Belong to parent company after tax	Belong to minority shareholders after tax	

Other explanation, including the active part of the hedging gains/losses of cash flow transfer to initial reorganization adjustment for the arbitrated items:

## 58. Reasonable reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Production safety fee	522.55	574,618.41	575,140.96	
Total	522.55	574,618.41	575,140.96	

Other explanation, including changes and reasons for changes:

## 59. Surplus public reserve

In RMB

Item	Opening balance	Current increased	Current decreased	Ending balance
Statutory surplus reserves	350,187,601.06			350,187,601.06
Total	350,187,601.06			350,187,601.06

Other explanation, including changes and reasons for changes:

## 60. Retained profit

In RMB

Item	Current period	Last period
Retained profit at the end of the previous year before adjustment	1,495,135,080.60	1,269,933,487.26
Total retained profit at the beginning of the previous year before adjustment	1,495,135,080.60	1,269,933,487.26
Add: net profit attributable to shareholder of parent company	210,738,686.12	203,168,850.61
Common stock dividends payable	230,507,050.80	115,253,525.40
Retained profit at period-end	1,475,366,715.92	1,357,848,812.47

Details about adjusting the retained profits at the beginning of the period:

- 1) The retroactive adjustments to Accounting Standards for Business Enterprises and its relevant new regulations affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 2) The changes in accounting policies affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 3) The major accounting error correction affects the retained profits at the beginning of the period amounting to 0 Yuan
- 4) Merge scope changes caused by the same control affect the retained profits at the beginning of the period amounting to 0 Yuan.
- 5) Other adjustments affect the retained profits at the beginning of the period amounting to 0 Yuan

## 61. Operating income and operating cost

In RMB

Item	Current period		Last period	
	Income	Cost	Income	Cost
Main business	4,738,760,181.96	4,218,999,878.26	4,778,550,071.95	4,258,702,014.11
Other business	1,668,040.14	403,950.54	3,617,660.74	3,399,756.51
Total	4,740,428,222.10	4,219,403,828.80	4,782,167,732.69	4,262,101,770.62

Information relating to revenue:

In RMB

Category	Branch 1	Branch 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information relating to performance obligations:

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 0.00 yuan, among them, yuan of revenue is expected to be recognized in YEAR, yuan of revenue is expected to be recognized in YEAR, and yuan of revenue is expected to be recognized in YEAR.

Other explanation

## 62. Tax and surcharges

In RMB

Item	Current period	Last period
Urban maintenance and construction tax	393,095.87	850,546.63
Educational surtax	293,482.34	647,628.82
House property tax	2,332,175.04	3,902,342.55
Use tax of land	871,580.42	856,035.80
Stamp duty	385,415.59	339,910.55
Other	58,669.28	9,049.85
Total	4,334,418.54	6,605,514.20

Other explanation:

## 63. Sales expenses

In RMB

Item	Current period	Last period
Labor and social security benefits	32,804,986.80	28,921,374.58
Rental	2,577,208.22	4,572,089.52
Utilities and office expenses	2,350,318.50	2,983,459.64

After-sale services	789,476.48	3,239,606.10
Logistics transportation fee	28,612,496.12	34,511,447.40
Travel expenses	779,656.28	1,356,310.96
Equivalent loss for low value perishable goods	935,717.93	1,481,592.76
Depreciation and amortization of long-term assets	6,518,839.48	5,855,616.32
Business hospitality	527,170.78	485,263.49
Advertisement charge	363,244.31	406,507.02
Sales commission	248,538.85	893.65
Port terminal fee	19,474,717.84	18,373,644.53
Property insurance premium	82,506.02	462,098.96
Other	8,531,801.39	7,434,460.44
Handling charges	4,882,744.12	2,469,377.37
Automobile expenses	317,274.99	
Total	109,796,698.11	112,553,742.74

Other explanation:

#### 64. Administration expenses

In RMB

Item	Current period	Last period
Labor and social security benefits	69,229,045.12	64,112,522.69
Communication fee	520,417.29	698,972.98
Vehicle usage fee	546,606.17	678,600.30
Low-value consumables	179,389.99	141,751.26
Repair cost	693,712.09	264,513.27
Depreciation and amortization of long-term assets	13,292,796.12	11,830,728.97
Travel expenses	552,462.94	1,286,620.67
Business hospitality	1,164,075.59	1,227,426.99
Office expenses	3,701,673.55	7,666,398.75
Rental	1,468,092.89	750,998.75
Intermediary agency fee	2,140,781.77	3,750,693.95
Other	8,285,912.43	8,988,719.41
Contract compensation	63,494.58	

Total	101,838,460.53	101,397,947.99
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Other explanation:

## 65. R&D expenses

In RMB

Item	Current period	Last period
Labor and social security benefits	4,299,743.55	2,786,779.24
Depreciation cost	1,678,787.85	619,854.40
Office expenses	146,085.41	280,219.64
Travel expenses	82,848.06	180,071.96
Logistics consumption	80,752.32	199,042.35
Intermediary fees		43,200.00
Maintenance and inspection fee	11,870.89	35,889.40
Other	1,068,684.60	45,981.26
Material		20,436.66
Total	7,368,772.68	4,211,474.91

Other explanation:

## 66. Financial expenses

In RMB

Item	Current period	Last period
Interest expenses	7,410,693.33	10,087,784.34
Less: Interest income	1,735,133.50	2,185,171.96
Exchange loss	-54,764.94	303,008.96
Bank charges and others	534,417.72	314,110.51
Total	6,155,212.61	8,519,731.85

Other explanation:

## 67. Other income

In RMB

Sources	Current Period	Last Period
Amortization of deferred income (related to assets)	2,055,335.31	1,402,816.24
Amortization of deferred income (related to income)	11,000.00	485,081.41



R&D subsidy for 2018 from Shenzhen Science & Technology Innovation Committee		216,000.00
Received the construction subsidy for top talents project of Guangdong Provincial Grain & Material Reserve Bureau		30,000.00
Grain talents program subsidy		20,269.70
Industrial development guiding fund	2,611,248.00	
Received the loan discount for leading agricultural enterprises		388,300.00
Service charges are refund by Taxation Bureau		126,043.99
Received the intermediary fee subsidy for mergers and acquisition of the Nanshan Economic promotion Bureau		738,700.00
Received the employee social insurance subsidy (1-9) of Wuyuan County Finance Bureau for 2018		470,078.93
Post stabilization subsidy	34,080.37	
Received the patent award for 2018 from Shangrao Intellectual Property Bureau		50,000.00
Received the guiding funds for industrial development for 2018 from Industry and Information Technology Bureau (Fiscal Appropriation)		170,697.00
Received the high-tech enterprise award for 2018 from Industry and Information Technology Bureau (Fiscal Appropriation)		200,000.00
Received the provincial R&D center fund for 2018 from Industry and Information Technology Bureau (Fiscal Appropriation)		50,000.00
Amount of the new project of 50 tons clean mingou tea processing for first half of 2019		62,500.00
Other	4,112,896.49	1,053,389.33
Shenzhen Futian District Enterprise Development Service Center retail	2,000,000.00	

industry growth Award		
Total	10,824,560.17	5,463,876.60

## 68. Investment income

In RMB

Item	Current period	Last period
Long-term equity investment income measured by equity	366,989.43	3,413,100.95
Investment income from disposal of long-term equity investment	2,337,075.95	127,368.82
Income from financial products	7,544,998.92	3,627,466.27
Total	10,249,064.30	7,167,936.04

Other explanation:

## 69. Net exposure hedge gains

In RMB

Item	Current period	Last period
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Other explanation:

## 70. Income of fair value changes

In RMB

Sources	Current Period	Last Period
Tradable financial assets	-572,784.42	28,381.21
Total	-572,784.42	28,381.21

Other explanation:

## 71. Credit impairment loss

In RMB

Item	Current period	Last period
Loss of bad debt of other account receivable	638,878.91	5,143,559.77
Loss of bad debt of account receivable	1,153,087.44	
Total	1,791,966.35	5,143,559.77

Other explanation:

## 72. Assets impairment loss

In RMB

Item	Current period	Last period
I. Bad debt losses		2,063,558.29
II. Inventories fall loss and contract performance costs impairment loss	-95,290,043.04	-71,294,981.71
Total	-95,290,043.04	-69,231,423.42

Other explanation:

## 73. Income from assets disposal

In RMB

Sources	Current Period	Last Period
Gains or losses from fixed assets disposal	-10,598.38	-4,184.59

## 74. Non-operating income

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
Government grants	10,030.08	3,000.00	10,030.08
Income from liquidated damages	683,979.26		683,979.26
Performance compensation	337,500.00		337,500.00
Other	327,290.24	359,252.46	327,290.24
Total	1,358,799.58	362,252.46	1,358,799.58

Government grants reckoned into current gains/losses:

In RMB

Grants	Issuing subject	Issuing cause	Property type	Whether the impact of subsidies on the current profit and loss	Whether special subsidies	Amount of this period	Amount of last period	Assets related/Income related

Other explanation:

## 75. Non-operating expenditure

In RMB

Item	Current period	Last period	Amount included in the current non-recurring profit and loss
External donations	5,151,098.92	2,000,000.00	5,151,098.92
Abnormal loss		1,962,312.38	
Inventory loss		4,693.69	
Loss of scrap from non-current assets	35,567.38	14,840.94	35,567.38
Other		172.94	
Total	5,186,666.30	3,982,019.95	5,186,666.30

Other explanation:

## 76. Income tax expense

### (1) Income tax expense

In RMB

Item	Current period	Last period
Current income tax expenses	3,142,430.31	8,075,504.29
Deferred income tax expenses	-677,161.68	7,409,789.74
Total	2,465,268.63	15,485,294.03

### (2) Adjustment process of accounting profit and income tax expenses

In RMB

Item	Current Period
Total profit	214,695,129.09
Income tax expenses calculated by statutory tax rate	53,673,782.27
Impact from different tax rate apply with the subsidiary	-1,021,663.04
Effect of adjusting income tax in the previous period	-1,203,516.26
Impact of non taxable income	-87,908,890.74
Impact on cost, expenses and losses that unable to deducted	19,477,774.43
Impact of the deductible loss on deferred income tax assets not recognized in the prior period of use	-1,756,304.38
Unrecognized impacts of deductible temporary differences or deductible losses on deferred income tax assets in the period	21,624,379.13
Impact on R&D costs deduction	-420,292.78
Income tax expenses	2,465,268.63

Other explanation

## 77. Other comprehensive income

Found more in annotations

## 78. Annotation of cash flow statement

### (1) Cash received with other operating activities concerned

In RMB

Item	Current period	Last period
Intercourse funds and deposit	425,055,874.21	180,418,202.50
Government grants	13,758,224.86	4,448,353.51
Interest income	1,893,194.14	2,185,171.96
Total	440,707,293.21	187,051,727.97

Note of cash paid with other operating activities concerned:

### (2) Cash paid with other operating activities concerned

In RMB

Item	Current period	Last period
Intercourse funds and deposit	342,216,823.96	153,621,034.86
Operating daily expenses	103,213,558.91	102,412,945.42
Total	445,430,382.87	256,033,980.28

Note of cash paid with other operating activities concerned:

### (3) Cash received with other investment activities concerned

In RMB

Item	Current period	Last period
Performance compensation	337,500.00	
Total	337,500.00	

Note of cash received with other investment activities concerned:

### (4) Cash paid related with investment activities

In RMB

Item	Current period	Last period
Other costs of engineering	994,317.84	
Total	994,317.84	

Note of cash paid related with investment activities:

**(5) Cash received with other financing activities concerned**

In RMB

Item	Current period	Last period
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Note of cash received with other financing activities concerned:

**(6) Other cash paid related with financing activities**

In RMB

Item	Current period	Last period
Handling fee for dividend distribution	58,702.23	72,997.72
Total	58,702.23	72,997.72

Note of other cash paid related with financing activities:

**79. Supplementary information to statement of cash flow**

**(1) Supplementary information to statement of cash flow**

In RMB

Supplementary information	Current period	Last period
1. Net profit adjusted to cash flow of operation activities:	--	--
Net profit	212,229,860.46	216,240,634.47
Add: Impairment provision for assets	93,498,076.69	64,087,863.65
Depreciation of fixed assets, consumption of oil assets and depreciation of productive biology assets	36,594,574.62	25,585,678.98
Amortization of intangible assets	11,220,066.23	10,078,858.18
Amortization of long-term pending expenses	2,824,888.62	10,979,032.68
Loss from disposal of fixed assets, intangible assets and other long-term assets (income is listed with "-")	10,598.38	4,184.59
Losses on scrapping of fixed assets (income is listed with "-")	35,567.38	14,840.94
Loss from change of fair value (income is listed with "-")	572,784.42	-28,381.21
Financial expenses (income is listed with "-")	7,410,693.33	10,087,784.34

Investment loss (income is listed with “-”)	-10,249,064.30	-7,167,936.04
Decrease of deferred income tax assets (increase is listed with “-”)	-470,303.13	18,886.47
Decrease of deferred income tax asset( (increase is listed with “-”)	-206,858.55	174,506.94
Decrease of inventory (increase is listed with “-”)	-382,924,860.42	-235,691,486.95
Decrease of operating receivable accounts (increase is listed with “-”)	129,417,912.00	-118,497,256.23
Increase of operating payable accounts (decrease is listed with “-”)	-90,353,574.58	-365,316,840.56
Net cash flow arising from operating activities	9,610,361.15	-389,429,629.75
2. Material investment and financing not involved in cash flow	--	--
3. Net change of cash and cash equivalents:	--	--
Balance of cash at period end	113,636,986.38	189,914,485.39
Less: Balance of cash at year-begin	154,954,757.85	631,638,339.68
Net increasing of cash and cash equivalents	-41,317,771.47	-441,723,854.29

## (2) Net cash paid for obtaining subsidiary in the Period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other explanation:

## (3) Net cash received by disposing subsidiary in the Period

In RMB

	Amount
Including:	--
Including:	--
Including:	--

Other explanation:

#### (4) Constitution of cash and cash equivalent

In RMB

Item	Ending balance	Opening balance
I. Cash	113,636,986.38	154,954,757.85
Including: Cash on hand	93,771.21	191,650.33
Bank deposit available for payment at any time	113,457,423.97	154,658,586.69
Other monetary fund available for payment at any time	85,791.20	104,520.83
III. Balance of cash and cash equivalent at period-end	113,636,986.38	154,954,757.85

Other explanation:

#### 80. Notes of changes of owners' equity

Explain the name and adjusted amount in "Other" at end of last period:

#### 81. Assets with ownership or use right restricted

In RMB

Item	Ending book value	Reasons for restriction
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Intangible assets	70,907,004.64	<p>1. According to the loan contract of “Guangdong DG 2017 NGDZ No. 006” signed by Dongguan FoodIndustrial Park, and Bank of Communications Guangdong Branch, Dongguan Food Industry Park mortgaged its two pieces of lands (DFGY (2009) DT No. 190) and (DFGY (2012) DT No. 152) to Bank of Communications Guangdong Branch as collateral for the borrowing.</p> <p>2. According to the long-term loan mortgage contract signed by Dongguan Logistics and Dongguan Branch of Agricultural Development Bank, the Company mortgaged the land (Yue (2016) Dongguan Real Estate Property No.0028527) of lands located in Jingang South Road, Zhangpeng Village, Machong Town, Dongguan City to Dongguan Branch of Agricultural Development Bank as collateral for the loan.</p>
Total	70,907,004.64	--

Other explanation:

## 82. Foreign currency monetary

### (1) Foreign currency monetary

In RMB

Item	Ending balance of foreign currency	Convert rate	Ending balance of RMB converted
Monetary funds	--	--	2,802,114.62
Including: USD	369,521.03	7.0795	2,616,024.13
EURO			
HKD	203,724.92	0.9134	186,090.49
Account receivable	--	--	1,706,438.43
Including: USD	223,022.92	7.0795	1,578,890.76
EURO			

HKD	139,640.54	0.9134	127,547.67
Long-term loans	--	--	
Including: USD			
EURO			
HKD			

Other explanation:

**(2) Explanation on foreign operational entity, including as for the major foreign operational entity, disclosed main operation place, book-keeping currency and basis for selection; if the book-keeping currency changed, explain reasons**

☐ Applicable ☒ Not applicable

### 83. Hedging

Disclosed hedging items and relevant hedging instrument based on hedging's category, disclosed qualitative and quantitative information for the arbitrage risks:

### 84. Government grants

#### (1) Government grants

In RMB

Category	Amount	Item	Amount reckoned into current gains/losses
(1) Base of further processing for tea and nature plants	687,500.00	Deferred income	137,500.00
(2) Enterprise technology center is a municipal R&D center. Subsidies for industrial technological advancement	1,681,264.27	Deferred income	102,012.30
(3) Project grants for years for agricultural district, Xihu Zone	118,461.58	Deferred income	64,615.38
(4) Key technology research and development for the preparation of high-quality aroma extracts based on the use of tea aroma precursors	129,323.34	Deferred income	105,790.60

(5)Key technology research and development for the preparation of high-quality aroma extracts based on the use of tea aroma precursors	30,809.66	Deferred income	11,000.00
(6) Industrialization of instant tea powder	1,789,467.85	Deferred income	98,222.94
(7) Grant for key technology research and industrialization of instant tea powder	131,643.68	Deferred income	7,122.51
(8) Special fund for the development of strategic emerging industries in Shenzhen(plant deep processing engineering) (Shen Development & Reform No. 20131601)	3,012,079.33	Deferred income	175,604.54
(9) Construction amount for 50 tons for clearly processing for Mingyou tea	312,499.96	Deferred income	62,500.02
(10) Subsidy for tea seeding of New Tea Garden in Wangkou	44,466.04	Deferred income	554.64
(11) Subsidy for supply system construction of agricultural products	450,000.00	Deferred income	100,000.00
(12) Grain storage project of Dongguan Shenliang Logistics Co., Ltd. - Storage A	7,849,032.15	Deferred income	131,128.56
(13) Phase II of grain storage project of Dongguan Shenliang Logistics Co., Ltd.- Storage B	31,421,748.74	Deferred income	515,650.26
(14) Grain, oil and food headquarters and innovative public service platform of Dongguan Shenliang Logistics Co., Ltd.	18,000,000.00	Deferred income	
(15) Special funds for intelligent upgrading and transformation of grain warehouse for the 2017 "Grain Safety Project"	11,320,000.00	Deferred income	

(16) Construction of 450000 ton silos and 60000 ton film silos -CDE warehouse. Gas storage bin	17,371,135.87	Deferred income	16,511.20
(17) Special fund for agricultural development of 2016- agricultural product safety testing project- capacity building of the third party inspection institution expansion evaluation	328,000.00	Deferred income	
(18) Agricultural product safety testing project of the special fund for agricultural development of 2016 - Central investment fund	684,000.00	Deferred income	
(19) Construction of O2O community sales service system for high quality grain and oil based on B2C E-commerce platform	1,731,547.14	Deferred income	19,288.02
(20) Industrialization of Doximi E-commerce platform	1,542,259.81	Deferred income	418,834.32
(21) Commercial circulation development project funding for year of 2017	524,000.00	Deferred income	
(22) Intelligent management of grain depot based on mobile internet	566,666.58	Deferred income	100,000.02
(23) Special Fund for Grain Depot Upgrade of Shenzhen Development and Reform Commission	5,000,000.00	Deferred income	
(23) Industrial development guiding fund	2,611,248.00	Other income	2,611,248.00
(24) Post stabilization subsidy	34,080.37	Other income	34,080.37
(25) Shenzhen Futian District Enterprise Development Service Center retail industry growth Award	2,000,000.00	Other income	2,000,000.00

(26) Other government subsidies related to daily business activities	4,112,896.49	Other income	4,112,896.49
(27) Other government subsidies related to daily business activities	10,030.08	Non-operating income	10,030.08
Total	113,494,160.94		10,834,590.25

## (2) Government grants rebate

☐ Applicable ☒ Not applicable

Other explanation:

## 85. Other

## VIII. Changes of consolidation range

### 1. Enterprise merger not under the same control

#### (1) Enterprise merger not under the same control

In RMB

Acquiree	Time point for equity obtained	Cost of equity obtained	Ratio of equity obtained	Acquired way Equity obtained way	Purchasing date	Standard to determine the purchasing date	Income of acquiree from purchasing date to period-end	Net profit of acquiree from purchasing date to period-end
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Other explanation:

#### (2) Combination cost and goodwill

In RMB

Combination cost	
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Determination method for fair value of the combination cost and contingent consideration and changes:

Main reasons for large goodwill resulted:

Other explanation:

#### (3) Identifiable assets and liability on purchasing date under the acquiree

In RMB

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	Fair value on purchasing date	Book value on purchasing date
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Determination method for fair value of the identifiable assets and liabilities:

Contingent liability of the acquiree bear during combination:

Other explanation:

#### (4) Gains or losses arising from re-measured by fair value for the equity held before purchasing date

Whether it is a business combination realized by two or more transactions of exchange and a transaction of obtained control rights in the Period or not

☐Yes ☒No

#### (5) On purchasing date or period-end of the combination, combination consideration or fair value of identifiable assets and liability for the acquiree are un-able to confirm rationally

#### (6) Other explanation

### 2. Enterprise combined under the same control

#### (1) Enterprise combined under the same control in the Period

In RMB

Acquiree	Equity ratio obtained in combination	Basis of combined under the same control	Combination date	Standard to determine the combination date	Income of the combined party from period-begin of combination to the combination date	Net profit of the combined party from period-begin of combination to the combination date	Income of the combined party during the comparison period	Net profit of the combined party during the comparison period
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Other explanation:

#### (2) Combination cost

In RMB

Combination cost	
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Explanation on contingent consideration and its changes:

Other explanation:

#### (3) Book value of the assets and liability of the combined party on combination date

In RMB

	On purchasing date	At end of last period

Contingent liability of the combined party bear during combination:

Other explanation:

### 3. Reverse purchase

Basic transaction information, basis of counter purchase, whether making up business due to the assets and liability reserved by listed company and basis, determination of combination cost, amount and calculation on adjusted equity by equity transaction:

### 4. Disposal Subsidiary

Whether there is a subsidiary disposal on one time, which is loss control of rights

☐Yes ☒No

Whether there is a subsidiary disposal by steps through multiple trading and loss control of rights in the period

☐Yes ☒No

### 5. Other reasons for consolidation range changed

Consolidation scope changes caused by other reasons (eg, newly establish subsidiaries, liquidate subsidiaries, etc.) and the related circumstances:

### 6. Other

## IX. Equity in other entity

### 1. Equity in subsidiary

#### (1) Constitute of enterprise group

Subsidiary	Main operation place	Registered place	Business nature	Share-holding ratio		Acquired way
				Directly	Indirectly	
Shenbao Huacheng	Shenzhen	Shenzhen	Manufacturing	100.00%		Establishment
Wuyuan Ju Fang Yong	Shangrao	Shangrao	Manufacturing		100.00%	Establishment
Shenbao Sanjing	Huizhou	Shenzhen	Manufacturing	100.00%		Establishment
Huizhou Shenbao Technology	Huizhou	Huizhou	Comprehensive	100.00%		Establishment

Shenbao Property	Shenzhen	Shenzhen	Property management	100.00%		Establishment
Shenbao Industrial & Trading	Huizhou	Shenzhen	Wholesale business	100.00%		Establishment
Ju Fang Yong Holding	Hangzhou	Hangzhou	Comprehensive		100.00%	Establishment
Shenbao Technology Center	Shenzhen	Shenzhen	Development, consultant and transfer of technology	100.00%		Establishment
Fuhaitang Ecological	Hangzhou	Hangzhou	Tea planting, production and sales		100.00%	Acquisition
Shenshenbao Investment	Shenzhen	Shenzhen	Investment management	100.00%		Establishment
Shenshenbao Tea Culture	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Ju Fang Yong Trading	Hangzhou	Hangzhou	Wholesale business		60.00%	Establishment
Pu'er Tea Supply Chain	Pu'er	Pu'er	Wholesale business		100.00%	Establishment
Huizhou Shenbao Food	Huizhou	Huizhou	Wholesale business	100.00%		Establishment
Shenbao Rock Tea	Wuyishan	Wuyishan	Manufacturing		100.00%	Establishment
Pu'er Tea Trading Center	Pu'er	Pu'er	Service industry		55.00%	Establishment
Shenbao Tea-Shop	Shenzhen	Shenzhen	Commerce		100.00%	Establishment
Fuhaitang Catering	Hangzhou	Hangzhou	Catering		100.00%	Establishment
SZCG	Shenzhen	Shenzhen	Grain & oil trading	100.00%		Combine under the same control
Shenzhen Flour	Shenzhen	Shenzhen	Flour processing		100.00%	Combine under the same control
Hualian	Shenzhen	Shenzhen	Grain & oil		100.00%	Combine under



Company			trading			the same control
Hainan Haitian	Haikou	Haikou	Feed production		100.00%	Combine under the same control
Shenliang Quality Inspection	Shenzhen	Shenzhen	Inspection		100.00%	Combine under the same control
Doximi	Shenzhen	Shenzhen	E-commerce		100.00%	Combine under the same control
Shenliang Cold Chain	Shenzhen	Shenzhen	Fresh food management on-line		100.00%	Combine under the same control
Beige Kitchen	Shenzhen	Shenzhen	Sales and processing of grain ,oil and products		70.00%	Combine under the same control
Shenliang Property	Shenzhen	Shenzhen	Real estate development and property management		100.00%	Combine under the same control
Shenliang Property	Shenzhen	Shenzhen	Property management		100.00%	Combine under the same control
Shenliang Storage (Yingkou)	Yingkou	Yingkou	Storage		100.00%	Combine under the same control
Dongguan Logistics	Dongguan	Dongguan	Storage, logistics		51.00%	Combine under the same control
Dongguan Food Industrial Park	Dongguan	Dongguan	Port operation, food production		51.00%	Combine under the same control
Dongguan Food Industry and Trade	Dongguan	Dongguan	Food production		51.00%	Combine under the same control
Dongguan Jinying	Dongguan	Dongguan	Feed, biofertilizer		51.00%	Combine under the same control

Shuangyashan Shenliang Zhongxin	Shuangyashan	Shuangyashan	Construction of food base and development of related complementary facility		51.00%	Combine under the same control
Hongxinglong Nongken Industrial Park	Shuangyashan	Shuangyashan	Construction of food base and development of related complementary facility		51.00%	Combine under the same control

Explanation on share-holding ratio in subsidiary different from ratio of voting right:

Basis for controlling the invested entity with half or below voting rights held and without controlling invested entity but with over half and over voting rights:

Major structured entity included in consolidates statement:

Basis of termination of agent or consignor:

Other explanation:

## (2) Important non-wholly-owned subsidiary

In RMB

Subsidiary	Share-holding ratio of minority	Gains/losses attributable to minority in the Period	Dividend announced to distribute for minority in the Period	Ending equity of minority
Dongguan Logistics	49.00%	1,143,890.72		162,491,200.57

Explanation on holding ratio different from the voting right ratio for minority shareholders:

Other explanation:

## (3) Main finance of the important non-wholly-owned subsidiary

In RMB

Subsidiary	Ending balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dongguan Logistics	216,674,721.83	1,578,566,224.93	1,795,240,946.76	210,501,395.32	953,124,856.41	1,163,626,251.73	179,203,637.28	1,469,042,115.86	1,648,245,753.14	208,523,832.06	930,441,696.91	1,138,965,528.97

In RMB

Subsidiary	Current Period	Last Period
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	Operating income	Net profit	Total comprehensive income	Cash flow from operation activity	Operating income	Net profit	Total comprehensive income	Cash flow from operation activity
Dongguan Logistics	881,895,886.45	7,709,470.86	7,709,470.86	-39,152,386.65	1,222,449,755.98	11,109,676.56	11,109,676.56	97,553,848.28

Other explanation:

**(4) Significant restrictions on the use of enterprise group assets and pay off debts of the enterprise group**

**(5) Financial or other supporting offers to the structured entity included in consolidated financial statement range**

Other explanation:

**2. Transaction that has owners equity shares changed in subsidiary but still with controlling rights**

**(1) Owners equity shares changed in subsidiary**

**(2) Impact on minority's interest and owners' equity attributable to parent company**

In RMB

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Other explanation

**3. Equity in joint venture and associated enterprise**

**(1) Important joint venture or associated enterprise**

Joint venture or Associated enterprise	Main operation place	Registered place	Business nature	Share-holding ratio		Accounting treatment on investment for joint venture and associated enterprise
				Directly	Indirectly	
Zhuhai Hengxing Feed Industrial Co., Ltd.	Zhuhai	Zhuhai	Aquatic fee and animal fee		40.00%	Equity

Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Shenzhen	Shenzhen	Equity investment; investment consultant		49.02%	Equity
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Holding shares ratio different from the voting right ratio:

Has major influence with less 20% voting rights hold, or has minor influence with over 20% (20% included) voting rights hold:

## (2) Main financial information of the important joint venture

In RMB

	Ending balance/Current Period	Opening balance/Last Period

Other explanation

## (3) Main financial information of the important associated enterprise

In RMB

	Ending balance/Current Period		Opening balance/Last Period	
	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)	Zhuhai Hengxing Feed Industrial Co., Ltd.	Shenliang Intelligent Wulian Equity Investment Fund (Shenzhen) Partnership Enterprise (Limited)
Current assets	190,276,412.01	20,811,417.28	74,426,214.45	21,145,350.77
Non current assets	30,996,058.91	31,741,080.47	31,819,375.02	31,759,785.55
Total Assets	221,272,470.92	52,552,497.75	106,245,589.47	52,905,136.32
Current liabilities	141,617,315.43		26,931,271.22	
Non current liabilities	583,332.69		629,319.69	
Total liabilities	142,200,648.12		27,560,590.91	
Shareholders' equity attributable to the parent company	79,071,822.80	52,552,497.75	78,684,998.56	52,905,136.32
Share of net assets calculated by shareholding ratio	31,628,729.12	25,761,234.39	31,473,999.42	25,934,097.82
Adjustment items	229,181.18	-174.47	162,707.80	-174.47

--Others	229,181.18	-174.47	162,707.80	-174.47
Book value of equity investment in associated enterprises	31,857,910.30	25,761,059.92	31,636,707.22	25,933,923.35
Business income	259,095,047.79		214,083,220.07	
Net profit	3,337,583.11	-352,638.57	1,644,897.90	-853,119.60
Total comprehensive income	3,337,583.11	-352,638.57	1,644,897.90	-853,119.60

Other explanation

#### (4) Financial summary for non-important Joint venture and associated enterprise

In RMB

	Ending balance/Current Period	Opening balance/Last Period
Joint venture:	--	--
Amount based on share-holding ratio	--	--
Associated enterprise:	--	--
Total book value of investment	13,946,407.26	15,790,681.53
Amount based on share-holding ratio	--	--
-- Net profit	415,495.06	6,304,978.23
-- Total comprehensive income	415,495.06	6,304,978.23

Other explanation

#### (5) Major limitation on capital transfer ability to the Company from joint venture or associated enterprise

#### (6) Excess loss occurred in joint venture or associated enterprise

In RMB

Joint venture/Associated enterprise	Cumulative un-recognized losses	Un-recognized losses not recognized in the Period (or net profit enjoyed in the Period)	Cumulative un-recognized losses at period-end
Changzhou Shenbao Chacang E-business Co., Ltd.	8,650,425.68	14,913.33	8,665,339.01
Shenzhen Shichumingmen Restaurant Management Co., Ltd.	3,815,595.01	541,250.52	4,356,845.53

Other explanation

**(7) Unconfirmed commitment with joint venture investment concerned**

**(8) Intangible liability with joint venture or affiliates investment concerned**

**4. Major conduct joint operation**

Name	Main place of operation	Registration place	Business nature	Shareholding ratio/ shares enjoyed	
				Directly	In-directly

Share-holding ratio or shares enjoyed different from voting right ratio:

If the co-runs entity is the separate entity, basis of the co-runs classification:

Other explanation

**5. Structured body excluding in consolidate financial statement**

Explanation of structured body excluding in consolidate financial statement:

**6. Other**

**X. Disclosure of risks relating to financial instruments**

Our business operation makes the Company exposed to various financial risks: credit risk, liquidity risk and market risk (mainly refers to exchange risk and interest risk). The general risk management policy of the Company is to minimize potential negative effects on our financial performance in view of the unforeseeable financial market.

**1. Credit risk**

Credit risk refers to the risk of a financial loss caused by the counter party's failure to fulfill its contractual obligations. The credit risk mainly arises from monetary funds, account receivable and other account receivable so on. The management has established adequate credit policies and continues to monitor exposure of these credit risks.

The monetary funds held by the Company are mainly deposited in state-controlled banks and other large and medium-sized commercial banks and other financial institutions. The management believes that these commercial banks have high reputation and asset status and have no major credit risk, and won't create any major losses caused by the breach of contract of the opposite side.

For trade receivables and other receivables, the Company establishes relevant policies to control exposure of credit risk. The Company appraises customers' credit quality based on their financial position, possibility to obtain guarantee from third parties, credit history and other factors such as prevailing market conditions, and set corresponding credit terms. Customers' credit history would be regularly monitored by the Company. For those customers who have bad credit history, the Company will call collection in written form, shorten credit term or cancel credit term to ensure its overall credit risk is under control.

The maximum credit risk exposure equals to the carrying value of each financial asset in balance sheet (including derivative financial instrument). The Company has not provided any guarantee which would otherwise make the Company exposed to credit risk except for the guarantee for financial carried in Note XI.

## **2. Liquidity risk**

Liquidity risk represents the possibility that the Company is not able to acquire sufficient fund to satisfy business requirement, settle debt when it is due and perform other obligation of payment.

The finance department continues to monitor capital requirement for short and long term, to ensure adequate cash reserve. In addition, it continues to monitor whether borrowing agreement is complied with, and seeks for commitment from major financial institutions for provision of sufficient back-up fund, so as to satisfy capital requirement in a short and long term.

## **3. Market risk**

### **(1) Exchange risk**

The major operation of the Company is located in the PRC, and its major operation is settled in Renminbi. However, there is also exchange risk in respect of the recognized foreign currency assets and liabilities and future foreign currency transactions which are mainly denominated in US dollar. Our finance department is responsible for monitoring scale of foreign currency assets and liabilities and foreign currency transactions, to minimize its exposure to exchange risks. In reporting period, the Company did not sign forward exchange contract or monetary exchange contract.

The foreign exchange risk faced by the company mainly comes from financial assets and financial liabilities denominated in US dollars. The amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB is detailed in VII. Consolidated Financial Statement Item Note 82 Foreign Currency Monetary

### **(2) Interest risk**

Our interest risk mainly arises from bank borrowings. Financial liabilities at floating rate expose the Company to cash flow interest risk, and financial liabilities at fixed rate expose the Company to fair value interest risk. The Company determines the respective proportion of contracts at fixed rate and floating rate based on prevailing market conditions.

The financial department of the Company continuously monitors the interest rate of the Company. The rise in interest rates will increase the cost of new interest-bearing debts and the interest expense of the Company's unpaid interest-bearing debts with floating interest rates, management will make timely adjustments based on the latest market conditions.

### **(3) Price risk**

The Company purchases and sells products at market prices, therefore it is affected by fluctuation of these prices.

## XI. Disclosure of fair value

### 1. Ending fair value of the assets and liabilities measured by fair value

In RMB

Item	Ending fair value			
	First-order	Second-order	Third-order	Total
I. Sustaining measured by fair value	--	--	--	--
1. Financial assets measured by fair value and with variation reckoned into current gains/losses	593,425.30			593,425.30
(2) Equity instrument investment	593,425.30			593,425.30
Other non current financial assets			57,500.00	57,500.00
II. Non-persistent measure	--	--	--	--

### 2. Recognized basis for the market price sustaining and non-persistent measured by fair value on first-order

The financial assets measured at fair value and whose changes are included in the current profit and loss are company stocks listed on the Shenzhen Stock Exchange held by the Company, and the closing price on June 30 is used as the fair value of the equity instrument investment.



**3. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on second-order**

**4. Valuation technique and qualitative and quantitative information on major parameters for the fair value measure sustaining and non-persistent on third-order**

**5. Adjustment information and sensitivity analysis of unobservable parameters for the fair value measure sustaining and non-persistent on third-order**

**6. Sustaining items measured by fair value, as for the conversion between at all levels, reasons for conversion and policy for conversion time point**

**7. Changes of valuation technique in the Period**

**8. Financial assets and liability not measured by fair value**

**9. Other**

For other non-current financial assets held, since the business environment, operating conditions, and financial status of the invested company have not undergone major changes, the company shall use the investment cost as a reasonable estimate of the fair value for measurement.

**XII. Related party and related transactions**

**1. Parent company**

Parent company	Registration place	Business nature	Registered capital	Ratio of shareholding on the Company	Ratio of voting right on the Company
Shenzhen Food Materials Group Co., Ltd	Shenzhen	Investing in industry, development, operation and management of the own property	500 million Yuan	63.79%	63.79%

Explanation on parent company of the enterprise

Ultimate controller of the Company is Shenzhen Municipal People's Government State-Owned Assets Supervision and Administration Commission.

Other explanation:

**2. Subsidiary**

Subsidiary of the Company found more in Note "1. Equity in subsidiaries" of Note IX-Equity in other entity

### 3. Joint venture and associated enterprise

Joint Venture of the Company found more in Note "3. Equity in joint arrangement or joint venture" of Note IX-Equity in other entity

Other cooperative enterprise and joint venture that have related transaction with the Company in the Period or occurred in previous period:

Joint venture/Associated enterprise	Relationship
Shenzhen Shichumingmen Catering Management Co., Ltd.	Joint venture of the company
SHENZHEN SYDATA TECHNOLOGY CO., LTD	Joint venture of the company

Other explanation

### 4. Other related party

Other related party	Relationship with the Enterprise
Shenzhen Agricultural Products Co., Ltd	Shareholder of the Company, subsidiary of the actual controller, controlled by the same ultimate controlling party
Zhanjiang Haitian Aquatic Feed Co., Ltd	Subsidiary of the actual controller, Controlled by the same ultimate controlling party
Dongguan Fruit and Vegetable Non-staple Food Market Co., Ltd	Minority shareholder of controlling subsidiary
Taizhong Agricultural Co., Ltd	Subsidiary of the actual controller, Controlled by the same ultimate controlling party
Shenzhen Investment Holding Co., Ltd	Former shareholder of the Company, Controlled by the same ultimate controlling party
Shenzhen Investment Management Co., Ltd	Former shareholder of the Company, Controlled by the same ultimate controlling party
Fujian Wuyishan Yuxing Tea Co., Ltd.	Minority shareholder of former controlling subsidiary
Shenzhen Fruits and Vegetables Trading Co., Ltd.	Wholly-owned subsidiary of Shenzhen Agricultural Products Co., Ltd
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Controlling subsidiary of Shenzhen Agricultural Products Co., Ltd
Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	Has the same parent company
Shenzhen Shenliang Cold Transport Co., Ltd.	Holding subsidiary of the company's associated enterprise
Shenzhen Yixin Investment Co., Ltd	Former shareholder of Shenzhen Agricultural Products Co., Ltd, Controlled by the same ultimate controlling party

Other explanation

### 5. Related transaction

#### (1) Goods purchasing, labor service providing and receiving

Goods purchasing/labor service receiving

In RMB

Related party	Related transaction content	Current Period	Approved transaction limit	Whether more than the transaction limit (Y/N)	Last Period
SHENZHEN SYDATA TECHNOLOGY CO., LTD	Information software development	5,290,531.23			
Shenzhen Shenliang Cold Transport Co., Ltd.	Warehousing Services	178,503.88			

Goods sold/labor service providing

In RMB

Related party	Related transaction content	Current Period	Last Period
Shenzhen Food Materials Group Co., Ltd	Payment		2,510.00
SHENZHEN SYDATA TECHNOLOGY CO., LTD	Office space lease		15,358.00
Shenzhen Agricultural Products Group Co., Ltd	Sales of tea		219,560.00
Shenzhen Agricultural Products Group Co., Ltd	Grain and oil	52,800.00	
Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	Sales of tea		7,410.00
Shenzhen Fruits and Vegetables Trading Co., Ltd.	Sales of tea		3,270.00

Explanation on goods purchasing, labor service providing and receiving

## (2) Related trusteeship management/contract & entrust management/ outsourcing

Trusteeship management/contract:

In RMB

Client/Contract-out party	Entrusting party/Contractor	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings

Related managed/contract:

Entrusted management/outsourcing:

In RMB

Client/Contract-out party	Entrusting party/Contractor	Trustee/assets contract	Trustee /start	Trustee /ends	Managed earnings /pricing of the contract earnings	Managed earnings confirmed in the period / contract earnings
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Related management/ outsourcing:

### (3) Related lease

As a lessor for the Company:

In RMB

Lessee	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
Shichumingmen	Operating site	580,466.28	580,466.28
Shenzhen Food Materials Group Co., Ltd	Office space lease		84,300.00

As lessee:

In RMB

Lessor	Assets type	Lease income in recognized in the Period	Lease income in recognized last the Period
Shenzhen Food Materials Group Co., Ltd	Warehouse leasing	14,217,100.02	14,217,100.00
Shenzhen Food Materials Group Co., Ltd	Office space	268,542.85	345,038.85

Explanation on related lease

### (4) Related guarantee

As guarantor

In RMB

Secured party	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Changzhou Shenbao Chacang E-business Co., Ltd. *1	5,000,000.00	2011-12-20		N

As secured party

In RMB

Guarantor	Guarantee amount	Guarantee start date	Guarantee expiry date	Whether the guarantee has been fulfilled
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	44,227,477.40	2016-12-27	2021-12-26	No
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	251,655,864.84	2018-07-27	2032-08-29	No
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd. *2	45,874,627.78	2019-05-09		No
Dongguan Houjie Xunda Industrial Co., Ltd.	16,534,635.16	2019-01-25	2031-01-24	No
Dongguan Fruit Vegetable Non-staple Food Trading Market Co., Ltd.	16,534,635.16	2019-01-25	2031-01-24	No

Explanation on related guarantee

\*1 The related guarantee will last until the principal and interest of the loan are settled.

\*2 The maturity date of the related guarantee is two years after the expiry date or two years after the refund date.

## (5) Related party's borrowed funds

In RMB

Related party	Borrowing amount	Starting date	Maturity date	Note
Borrowing				
Lending				

## (6) Related party's assets transfer and debt reorganization

In RMB

Related party	Related transaction content	Current Period	Last Period
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## (7) Remuneration of key manager

In RMB

Item	Current Period	Last Period
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**(8) Other related transaction**

**6. Receivable and payable of related party**

**(1) Receivable**

In RMB

Item Name	Related party	Ending balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Other account receivable	Changzhou Shenbao Chacang E-business Co., Ltd.	24,255,375.15	21,768,266.87	24,350,611.65	21,803,513.37
Other account receivable	Shenzhen Shichumingmen Catering Management Co., Ltd.	1,947,256.59	469,107.98	1,382,651.77	469,107.98
Other account receivable	Shenzhen Higreen International Agricultural Products Logistic Management Co., Ltd	50,000.00		50,000.00	
Other account receivable	Shenzhen Shenliang Cold Transport Co., Ltd.	3,831.12		3,831.12	
Other account receivable	Shenzhen Investment Holdings Co., Ltd.	415,644.52		415,644.52	
Other account receivable	SHENZHEN SYDATA TECHNOLOGY CO., LTD	3,727,757.63	50,714.11		

**(2) Payable**

In RMB

Item Name	Related party	Ending book balance	Opening book balance
Dividend payable	Shenzhen Investment Management Co., Ltd	2,690,970.14	2,690,970.14

Other account payable	Shenzhen Food Materials Group Co., Ltd	160,648,886.31	219,472.47
Other account payable	Shenzhen Duoxi Equity Investment Fund Management Co., Ltd.	41,486.00	41,486.00
Other account payable	Shenzhen Shichumingmen Catering Management Co., Ltd.	184,275.00	
Other account payable	Shenzhen Shenliang Cold Transport Co., Ltd.	2,790.00	2,790.00
Other account payable	Zhanjiang Changshan (Shenzhen) Ecological Aquaculture Co., Ltd	7,999,570.83	7,988,954.17
Other account payable	Shenzhen Investment Management Co., Ltd	3,510,297.20	3,510,297.20

## 7. Related party commitment

## 8. Other

## XIII. Share-based payment

### 1. Overall situation of share-based payment

☐ Applicable ☒ Not applicable

### 2. Share-based payment settled by equity

☐ Applicable ☒ Not applicable

### 3. Share-based payment settled by cash

☐ Applicable ☒ Not applicable

### 4. Modification and termination of share-based payment

Nil

### 5. Other

Nil

## **XIV. Commitment or contingency**

### **1. Important commitments**

Important commitments on balance sheet date

The Company has no important commitments that need to be disclosed up to 30 June 2020.

### **2. Contingency**

#### **(1) Contingency on balance sheet date**

1) Disputes over the loan contracts between Changzhou Shenbao Chacang E-commerce Co., Ltd., the Company and Shenzhen Agricultural Products Financing Guarantee Co., Ltd.

On July 15, 2016, Shenzhen Agricultural Products Financing Guarantee Co., Ltd. (hereinafter referred to as Agricultural Products Guarantee Company) submitted a “Civil Appeal” to the People’s Court of Futian District, Shenzhen, requesting Changzhou Shenbao Chacang E-commerce Co., Ltd. (hereinafter referred to as Changzhou Shenbao Chacang Company) to repay the loan principal amount of RMB 5,000,000.00, the interest of RMB 389,968.52, and the interest penalty of RMB 3,200,271.79 (the interest penalty was temporarily calculated to June 30, 2016, which shall be actually calculated to the date of the full repayment of the borrowing); and pay the compensation of RMB 100,000.00 (5 million Yuan × 2%); two items in total were RMB 8,690,240.31; the Company undertook joint liability for the loan of RMB 5,000,000.00.

On May 31, 2017, Shenzhen Futian District Court made the first-instance judgment and ruled Changzhou Shenbao Chacang Company to repay the loan principal of RMB 5 million and the interest and interest penalty, the Company did not need to undertake joint liability for the loan of RMB 5 million of Changzhou Shenbao Chacang Company. On July 4, 2017, the Agricultural Products Guarantee Company filed an appeal, on October 13, 2017, and Shenzhen Intermediate People’s Court held the second instance hearing. On April 26, 2019, the Shenzhen Intermediate People’s Court made a civil judgment (Civil Judgment (2017) Yue 03 Min Zhong No. 12296), and judged Shenzhen Shenbao Industrial Co., Ltd. (now renamed as Shenzhen Cereals Holdings Co., Ltd.) to undertake a joint and several liability for the of Changzhou Shenbao Chacang E-Commerce Co., Ltd. within the scope of 3.5 million yuan. Shenzhen Shenbao Industrial Co., Ltd. (now renamed as Shenzhen Cereals Holdings Co., Ltd.) has the right to claim compensation from Changzhou Company after the payment. Currently, the judgment has taken effect.

As of June 30, 2020, the company confirmed the estimated debt of 3.5 million yuan.

2) Contract disputes between Mount Wuyi Shenbao Rock Tea Co., Ltd. (hereinafter referred to as Wuyishan Rock Tea Company) and Hangzhou Ju Fang Yong Holding s Co., Ltd. (hereinafter referred to as Jufangyong Company), and Wuyishan Jiuxing Tea Co., Ltd. (hereinafter referred to as Jiuxing Company), Fujian Wuyishan Yuxing Tea Co., Ltd. (hereinafter referred to as Yuxing Company), Xingjiu Tea Co., Ltd., Chen Yuxing, Chen Guopeng



On September 22, 2017, Jufangyong Company, Xingjiu Tea Co., Ltd., Yuxing Company, Chen Yuxing and Chen Guopeng signed an “Formal Agreement on the Separation of Fujian Wuyishan Shenbao Yuxing Tea Co., Ltd.”, according to the separation agreement: the original Shenbao Yuxing Company was separated, after the separation, Jufangyong Company held 100% equity of the newly established company (i.e. Shenbao Rock Tea Company), and Yuxing Company and Xingjiu Tea Company jointly held 100% equity of the surviving company (Jiuxing Company); Shenbao Rock Tea Company got receivables of 7,273,774.01 yuan, which was guaranteed by Jiuxing Company to achieve 2 million yuan within one year after separation and the remaining amount would be returned within 2 years. Chen Yuxing and Chen Guopeng, as the actual controllers of Jiuxing Company, Yuxing Company and Xingjiu Tea Company, assumed joint responsibility for the joint guarantee to Shenbao Rock Tea Company and Jufangyong Company for all the obligations and responsibilities stipulated in the “Separation Agreement”.

As of September 22, 2018, the time limit stipulated in the “Separation Agreement” for the realization of four receivables had expired, and Shenbao Rock Tea Company still had 5,212,301.40 yuan unrecovered. On December 6, 2018, Shenbao Rock Tea Company and Hangzhou Jufangyong Company applied for arbitration to Shenzhen Court of International Arbitration (Shenzhen Arbitration Commission) for the above matters, and requested Jiuxing Company to pay 5,272,934.01 yuan to Shenbao Rock Tea Company, and requested Yuxing Company, Xingjiu Tea Company, Chen Yuxing and Chen Guopeng to assume joint liability.

On April 18, 2019, Shenzhen International Arbitration Court heard the arbitration case in court. Since relevant matters are still to be determined and ascertained, the two parties concerned shall provide supplementary defense materials to the court. Currently, the case has not yet been arbitrated by Shenzhen International Arbitration Court.

As of the date of approval of the financial statements, the Shenzhen Arbitration Commission has not yet determined the arbitrator and the date of the hearing. As of 30 June 2020, the company has accrued 4,469,493.65 yuan bad debt provision.

### 3) Disputes on mung bean business between Shenzhen Cereals Group (SZCG) and Jilin Tongyu County Shengda Company

In August 2007, Shenzhen Cereals Group and Tongyu County Shengda Grain and Oil Trading Co., Ltd. (hereinafter referred to as Shengda Company) signed the “Mung Bean Entrusted Acquisition, Processing and Storage Contract”, from October 2007 to May 2008, totally 4,918.00 tons of mung beans were acquired, the Company paid payment for goods of 30 million yuan. According to the contract, after the completion of the entrusted acquisition, Shengda Company has the obligations to assist in the sale of goods and buy-back. Shengda Company did not fully fulfill its obligations, and Shenzhen Cereals Group also carried out various forms of collection. In September 2010, Shenzhen Cereals Group sued Shengda Company for repayment of its arrears and interest. The two parties reached an accommodation during the court trial, and Futian District People’s Court of Shenzhen issued a “Paper of Civil Mediation”, but Shengda Company did not fully fulfill the repayment obligation, Shenzhen Cereals Group has applied to the court for enforcement.

As of 30 June 2020, the book receivables amounted to RMB 5,602,468.81, and the execution of remaining funds has large uncertainties. The Company has fully made provision for bad debts of RMB 5,602,468.81.

4) Contract disputes among Shenzhen Cereals Group, Hualian Grain and Oil, Guangzhou Jinhe Feed Co., Ltd. and Huang Xianning Import Agent

From October 2005 to January 2007, Shenzhen Cereals Group, Hualian Grain and Oil, and Guangzhou Jinhe Feed Co., Ltd. (hereinafter referred to as Guangzhou Jinhe Company) signed 20 “Import Agent Contracts”, agreed that Shenzhen Cereals Group and Hualian Grain and Oil agent Guangzhou Jinhe Company to import Peruvian fishmeal. In August 2007, Hualian Grain and Oil, Guangzhou Jinhe Company and Huangxianning signed the “Guarantee Contract”, agreed that Huangxianning would guarantee that all payables of Guangzhou Jinhe Company under the trade contracts signed by Hualian Grain and Oil and Guangzhou Jinhe Company would be paid on time. Later, due to Guangzhou Jinhe Company’s insufficient payment of goods and import agency fees, Shenzhen Cereals Group and Hualian Grain and Oil filed a lawsuit to Futian District People’s Court of Shenzhen.

On February 16, 2015, the Futian District People’s Court of Shenzhen made the first-instance judgment ([2014] SFFMECZ No. 786), and sentenced Guangzhou Jinhe Company to pay RMB 10,237,385.74 to Shenzhen Cereals Group and Hualian Grain and Oil, and bear the case acceptance fee of RMB 83,224.00; Huang Xianning does not need to bear the joint and several liability.

As Guangzhou Jinhe Company refused to accept the above first-instance judgment, it lodged an appeal to the Shenzhen Intermediate People’s Court, claiming that the prosecution of Shenzhen Cereals Group and Hualian Grain and Oil had exceeded the time limit for litigation. On March 30, 2017, the Shenzhen Intermediate People’s Court made the second-instance judgment (Civil Judgment [2015] SZFSZZ No.1767), and the judgment rejected Guangzhou Jinhe Company’s appeal and upheld the original judgment.

The case is still in enforcement, and the other party has not paid any money, Shenzhen Cereals Group has made provision for bad debts in proportion to 100% of the accounts receivable of RMB 10,455,600 of Guangzhou Jinhe Company.

According to the “Commitment Letter of Shenzhen Fude State-owned Capital Operation Co., Ltd. on the Pending Litigation of Shenzhen Cereals Group Co., Ltd.”, If Shenzhen Cereals Group Co., Ltd. and its holding subsidiaries suffer any claims, compensation, losses or expenses due to the contract disputes with Guangzhou Jinhe Feed Co., Ltd. and Huangxianning Import Agent, Shenzhen Fude State-owned Capital Operation Co., Ltd. will assume the compensation or loss caused by the lawsuits.

5) Contract disputes between Hualian Grain and Oil Company and Zhuhai Doumen Huabi Feed Factory

On December 9, 2004, Hualian Grain and Oil Company signed a purchases and sales contract with Zhuhai Doumen Huabi Feed Factory to sell 2,000.00 tons of corn, with payment for goods of RMB 2,396,300, but the payment has not been taken back. In April 2005, Hualian Grain and Oil Company discovered that Zhuhai Doumen Huabi Feed Factory had basically stopped production and the goods were transferred, the legal representative, Liang Dongxing, had fled. On July 2, 2005, the public security organ arrested Liang Dongxing. Hualian Company has prosecuted him and won in the lawsuit, and the lawsuit has been settled and in enforcement.

As of 30 June 2020, Hualian Grain and Oil Company had received RMB 2,396,300 from Zhuhai Doumen Huabi Feed Factory, Hualian Grain and Oil Company had made 100% of bad debt provision for this amount.

6) Contract disputes between Hualian Grain and Oil Company and Foshan Shunde District Huaxing Feed Factory

In August and October 2007, Hualian Grain and Oil Company sold goods to Foshan City Shunde District Huaxing Feed Factory, and received a total of RMB 2,958,600 of commercial acceptance bills. Due to the company's overdue payment, Hualian Grain and Oil Company filed a lawsuit with the People's Court of Shunde District, Foshan City on October 29, 2007, requesting Foshan City Shunde District Huaxing Feed Factory to repay the payment for goods and pay the corresponding interests. From June to July 2011, totally took back the company's bankruptcy property settlement of RMB 1,638,900.

As of 30 June 2020, Hualian Grain and Oil Company had receivables of RMB 1,319,700 from Foshan City Shunde District Huaxing Feed Factory, and it had made 100% of bad debt provision for this amount.

7) Contract disputes between Hualian Grain and Oil Company and Liangshuntong Company

On November 15, 2019, Dalian Liangshuntong Supply Chain Management Co., Ltd. (hereinafter referred to as "Liangshuntong Company") filed a civil lawsuit with Shenzhen Futian District People's Court (hereinafter referred to as "Futian Court") on the grounds of contract disputes, requiring Shenzhen Hualian Grain and Oil Trading Co., Ltd. (hereinafter referred to as "Hualian Grain and Oil Company") to return the deposit of 30 million yuan, interest of 652,500 yuan, the corn supply chain service fee of 50 million yuan, and the settlement payment of 2,259,200 yuan, totaling 33.4117 million yuan.

On November 20, 2019, Hualian Grain and Oil Company filed a counterclaim against Liangshuntong Company with the following claims: 1. Order Liangshuntong Company to pay Hualian Grain and Oil Company the profit and loss difference of the purchase and sales contract and all the expenses incurred by the corn business of 26,504,205.13 yuan and the cost of capital of 10,336,285.11 yuan (the cost of capital should be calculated until the date of actual payment, and it is temporarily calculated until November 25, 2019), totaling 36,840,490.24 yuan; 2. Order that the litigation costs of this case shall be borne by Liangshuntong Company. The case is under trial.

On December 10, 2019, Hualian Grain and Oil Company filed a lawsuit with Futian Court with the claims: 1. Order Liangshuntong Company to pay Hualian Grain and Oil Company the profit and loss difference of the purchase and sale contract and all the expenses incurred by the corn business of 461,856.61 yuan and the cost of capital of 4,030,008.42 yuan (the cost of capital should be calculated until the date of actual payment, and is currently calculated until December 10, 2019), which totals 4,491,865.03 yuan; 2. Order that the litigation costs in this case shall be borne by Liangshuntong Company. The case is under trial.

8) Construction contract dispute case between Heilongjiang Hongxinglong Nongken Shenxin Grain Industrial Park Co., Ltd. (hereinafter referred to as "Hongxinglong Grain Industrial Park Company") and Heilongjiang Zhishengda Construction Engineering Co., Ltd. (hereinafter referred to as "Zhishengda Company")

On May 8, 2020, Hongxinglong Grain Industrial Park Company received legal instruments such as "Subpoena", "Notice of Proof," "Notice of Response to Prosecution", "Civil Litigation Risk Warning Letter" and "Civil Complaint" from the Hongxinglong People's Court, Zhishengda Company filed a civil lawsuit with the Hongxinglong People's Court on the grounds of the construction contract dispute. The appeals are: 1. Request the People's Court to confirm the "Letter on Rectification of Completed Projects and Releasing Construction of Unconstructed Projects" issued by Hongxinglong Grain Industrial Park Company on April 7, 2020 does not have the effect of terminating the contract, and the termination of the contract made by it is invalid, and judge that Hongxinglong Grain Industrial Park Company shall continue to perform the contract (the cost of the performance of contract is required to be 5,137,834.18 yuan). 2. The case acceptance fee and other litigation costs shall be borne by Hongxinglong Grain Industrial Park Company. The case is under trial.

9)Legal service contract dispute case between Hainan Haitian Aquatic Feed Co., Ltd. (hereinafter referred to as "Hainan Haitian Company") and Hainan Rights Protection Legal Service Co., Ltd. (hereinafter referred to as "Hainan Rights Protection Company")

Hainan Rights Protection Company filed a civil lawsuit with the Meilan District People's Court of Haikou City on the grounds of legal service contract disputes. The appeals are: 1. Order Hainan Haitian Company to pay Hainan Rights Protection Company agency fees of 600,000 yuan; 2. Order Hainan Haitian Company to pay corresponding late fees to Hainan Rights Protection Company; 3. Order Hainan Haitian Company to compensate Hainan Rights Protection Company for economic losses of 300,000 yuan; 4. Hainan Haitian Company shall bear the litigation costs in this case. The case is under trial.

**(2) If the Company has no important contingency need to disclosed, explain reasons**

The Company has no important contingency that need to disclose.

**3. Other**

Nil

**XV. Events after balance sheet date**

**1. Important non adjustment matters**

In RMB

Item	Content	Impact on financial status and operation results	Reasons of fails to estimate the impact
------	---------	--	---

**2. Profit distribution**

In RMB

**3. Sales return**

Nil

**4. Other events after balance sheet date**

Nil

**XVI. Other important events**

**1. Previous accounting errors collection**

**(1) Retrospective restatement**

In RMB

Content	Treatment procedure	Items impact during vary comparative period	Accumulated impact
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**(2) Prospective application**

Content	Approval procedure	Reasons
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## 2. Debt restructuring

## 3. Assets exchange

### (1) Exchange of non-monetary assets

### (2) Other assets exchange

## 4. Pension plan

The main content and important changes of the annuity plan are detailed in Note V-34. Employee Compensation-2. The accounting treatment method of post-employment benefits set contribution plan

## 5. Discontinuing operation

In RMB

Item	Revenue	Expenses	Total profit	Income tax expenses	Net profit	Profit of discontinuing operation attributable to owners of parent company
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Other explanation

## 6. Segment

### (1) Recognition basis and accounting policy for reportable segment

### (2) Financial information for reportable segment

In RMB

Item	Offset between segment	Total
------	------------------------	-------

**(3) The Company has no segment, or unable to disclose total assets and liability of the segment, explain reasons**

**(4) Other explanation**

**7. Other major transaction and events makes influence on investor's decision**

**8. Other**

## **XVII. Principle notes of financial statements of parent company**

### **1. Account receivable**

#### **(1) Category**

In RMB

Category	Ending balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Ratio	Amount	Accrual ratio		Amount	Ratio	Amount	Accrual ratio	
Account receivable with bad debt provision accrual on a single basis	28,453.08	23.30%	28,453.08	100.00%		28,453.08	76.27%	28,453.08	100.00%	
Including:										
Account receivable with single minor amount but with bad debts provision accrued on a single basis	28,453.08	23.30%	28,453.08	100.00%		28,453.08	76.27%	28,453.08	100.00%	
Account receivable with bad debt provision accrual on portfolio	93,669.11	76.70%	885.26	0.95%	92,783.85	8,852.60	23.73%	885.26	10.00%	7,967.34
Including:										
Accounts receivable with provision for bad debts by aging analysis	8,852.60	7.25%	885.26	10.00%	7,967.34	8,852.60	23.73%	885.26	10.00%	7,967.34

Specific object combination	84,816.51	69.45%			84,816.51					
Total	122,122.19	100.00%	29,338.34		92,783.85	37,305.68	100.00%	29,338.34		7,967.34

Bad debt provision accrual on single basis: 28,453.08 Yuan

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes
Single provision	28,453.08	28,453.08	100.00%	Slightly possibly taken back

Bad debt provision accrual on single basis:

In RMB

Name	Ending balance			
	Book balance	Bad debt provision	Accrual ratio	Accrual causes

Bad debt provision accrual on portfolio: 885.26 Yuan

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio
Aging combination (1-2 years)	8,852.60	885.26	10.00%
Specific object combination	84,816.51		
Total	93,669.11	885.26	--

Explanation on portfolio determines:

Bad debt provision accrual on portfolio:

In RMB

Name	Ending balance		
	Book balance	Bad debt provision	Accrual ratio

Explanation on portfolio determines:

If the provision for bad debts of account receivable is made in accordance with the general model of expected credit losses, please refer to the disclosure of other account receivables to disclose related information about bad-debt provisions:

☐ Applicable ☒ Not applicable

By account age

In RMB

Account age	Ending balance
Within 1 year (including 1 year)	84,816.51
Within 1 year	84,816.51
1-2 years	8,852.60



Over 3 years	28,453.08
Over 5 years	28,453.08
Total	122,122.19

## (2) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written-off	Other	
Accrued by combination	28,453.08					28,453.08
Accrued by single item	885.26					885.26
Total	29,338.34					29,338.34

Including major amount bad debt provision that collected or reversal in the period:

In RMB

Enterprise	Amount collected or reversal	Collection way
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## (3) Account receivable actually written-off in the period

In RMB

Item	Amount written-off
------	--------------------

Including major account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on account receivable written-off:

## (4) Top 5 account receivables at ending balance by arrears party

In RMB

Enterprise	Ending balance of accounts receivable	Proportion in total receivables at ending balance (%)	Bad debt preparation ending balance
First	36,534.00	29.92%	365.34
Second	34,890.00	28.57%	348.90
Third	18,456.50	8.19%	18,456.50

Fourth	13,392.51	15.11%	133.93
Fifth	9,996.58	10.97%	9,996.58
Total	113,269.59	92.76%	

**(5) Account receivable derecognition due to financial assets transfer**

**(6) Assets and liabilities resulted by account receivable transfer and continues involvement**

Other explanation:

**2. Other account receivable**

In RMB

Item	Ending balance	Opening balance
Dividends receivable	650,000,000.00	260,000,000.00
Other account receivable	592,937,209.15	734,149,247.39
Total	1,242,937,209.15	994,149,247.39

**(1) Interest receivable**

**1) Category**

In RMB

Item	Ending balance	Opening balance
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**2) Important overdue interest**

Borrower	Ending balance	Overdue time	Overdue causes	Whether impairment occurs and its judgment basis
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Other explanation:

**3) Accrual of bad debt provision**

☐ Applicable ☒ Not applicable

**(2) Dividend receivable**

**1) Category**

In RMB

Item (or invested enterprise)	Ending balance	Opening balance
Shenzhen Cereals Group Co., Ltd	650,000,000.00	260,000,000.00
Total	650,000,000.00	260,000,000.00

## 2) Important dividend receivable with account age over one year

In RMB

Item (or invested enterprise)	Ending balance	Account age	Reasons for not collection	Whether impairment occurs and its judgment basis
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## 3) Accrual of bad debt provision

☐ Applicable ☒ Not applicable

Other explanation:

### (3) Other account receivable

#### 1) By nature

In RMB

Nature	Ending book balance	Opening book balance
Margin and deposit	233,029.39	
Intercourse funds and other	619,895,216.78	761,135,520.91
Total	620,128,246.17	761,135,520.91

#### 2) Accrual of bad debt provision

In RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	Expected credit losses over next 12 months	Expected credit losses for the entire duration (without credit impairment occurred)	Expected credit losses for the entire duration (with credit impairment occurred)	
Balance on Jan. 1, 2020	204,668.96		26,781,604.56	26,986,273.52
Balance of Jan. 1, 2020 in the period	—	—	—	—
Current accrual			204,763.50	204,763.50
Balance on Jun. 30, 2020	204,668.96		26,986,368.06	27,191,037.02

Change of book balance of loss provision with amount has major changes in the period

☐ Applicable ☒ Not applicable

By account age

In RMB

Account age	Ending balance
Within one year (including 1-year)	594,633,840.82
Within one year	594,633,840.82
1-2 years	436,664.33
2-3 years	436,664.33
Over 3 years	24,621,076.69
3-4 years	436,664.33
4-5 years	505,459.41
Over 5 years	23,678,952.95
Total	620,128,246.17

### 3) Bad debt provision accrual, collected or reversal in the period

Bad debt provision accrual in the period:

In RMB

Category	Opening balance	Amount changed in the period				Ending balance
		Accrual	Collected or reversal	Written off	Other	
Combination provision	204,668.96					204,668.96
Single provision	26,781,604.56	204,763.50				26,986,368.06
Total	26,986,273.52	204,763.50				27,191,037.02

Including major amount with bad debt provision reverse or collected in the period:

In RMB

Enterprise	Amount reversal or collected	Collection way
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### 4) Other account receivable actually written-off in the period

In RMB

Item	Amount written-off
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Including important other account receivable written-off:

In RMB

Enterprise	Nature	Amount written-off	Written-off causes	Procedure of written-off	Resulted by related transaction (Y/N)
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Explanation on other account receivable written-off:

**5) Top 5 other receivables at ending balance by arrears party**

In RMB

Enterprise	Nature	Ending balance	Account age	Ratio in total ending balance of other account receivables	Ending balance of bad debt reserve
First	Internal funds	224,193,802.86	Within one year	36.15%	
Second	Internal funds	212,203,760.22	Within one year	34.22%	
Three	Internal funds	110,297,766.37	Within one year	17.79%	
Fourth	Internal funds	26,205,575.88	Within one year	4.23%	
Fifth	Internal funds	23,925,375.15	Within one year	3.86%	21,504,266.87
Total	--	596,826,280.48	--	96.25%	21,504,266.87

**6) Other account receivables related to government grants**

In RMB

Enterprise	Government grants	Ending balance	Ending account age	Time, amount and basis for collection predicted

**7) Other receivable for termination of confirmation due to the transfer of financial assets**

**8) The amount of assets and liabilities that are transferred other receivable and continued to be involved**

Other explanation:

**3. Long-term equity investment**

In RMB

Item	Ending balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment for subsidiary	3,713,214,425.09		3,713,214,425.09	3,713,214,425.09		3,713,214,425.09
Investment for associates and joint venture	2,927,628.53	2,927,628.53		5,139,058.21	2,927,628.53	2,211,429.68
Total	3,716,142,053.62	2,927,628.53	3,713,214,425.09	3,718,353,483.30	2,927,628.53	3,715,425,854.77

(1) Investment for subsidiary

In RMB

The invested entity	Opening balance (book value)	Increase and decrease in current period				Ending balance (book value)	Ending balance of impairment provision
		Additional investment	Reduce investment	Provision for impairment	Other		
Huizhou Shenbao Technology Co., Ltd.	60,000,000.00					60,000,000.00	
Shenzhen Cereals Group Co., Ltd.-headquarters	3,291,415,036.82					3,291,415,036.82	
Shenzhen Shenbao Industry and Trade Development Co., Ltd.	5,500,000.00					5,500,000.00	
Shenzhen Shenbao Huacheng Technology Co., Ltd.	168,551,781.80					168,551,781.80	
Shenzhen Shenbao Technology Center Co., Ltd.	54,676,764.11					54,676,764.11	
Shenzhen Shenbao Sanjing Food and Beverage Development Co., Ltd.	80,520,842.36					80,520,842.36	
Shenzhen Shenbao Property Management	2,550,000.00					2,550,000.00	

Co., Ltd.							
Shenzhen Shenshenbao Investment Co., Ltd.	50,000,000.00					50,000,000.00	
Total	3,713,214,425.09					3,713,214,425.09	

## (2) Investment for associates and joint venture

In RMB

investmen t company	Opening balance (book value)	Current changes (+, -)								Ending balance (book value)	Ending balance of impairme nt provision
		Additional investmen t	Capital reduction	Investme nt gains recognize d under equity	Other comprehe nsive income adjustmen t	Other equity change	Cash dividend or profit announce d to issued	Accrual of impairme nt provision	Other		
I. Joint venture											
II. Associated enterprise											
Guangzho u Shenbao Mendao Tea Co., Ltd	2,211,429 .68		2,162,924 .05	-48,505.6 3						0.00	0.00
Shenzhen Shenbao (Liaoyuan ) Industrial Company										0.00	57,628.53
Shenzhen Shenbao (Xinmin) Foods Co., Ltd										0.00	2,870,000 .00
Changzho u Shenbao Chacang											

Subtotal	2,211,429.68		2,162,924.05	-48,505.63							2,927,628.53
Total	2,211,429.68										2,927,628.53

### (3) Other explanation

## 4. Operating income and operating cost

In RMB

Item	Current Period		Last Period	
	Income	Cost	Income	Cost
Main business	191,007.09	250,130.28	31,562,730.23	29,829,293.00
Total	191,007.09	250,130.28	31,562,730.23	29,829,293.00

Information relating to revenue:

In RMB

Category	Branch 1	Branch 2		Total
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				
Including:				

Information relating to performance obligations:

Information related to the transaction price apportioned to the remaining performance obligations:

The amount of income corresponding to the performance obligations that have been signed at the end of this reporting period but have not yet been fulfilled or have not done with fulfillment is 0.00 yuan, among them, yuan of revenue is expected to be recognized in YEAR, yuan of revenue is expected to be recognized in YEAR, and yuan of revenue is expected to be recognized in YEAR.

Other explanation:

## 5. Investment income

In RMB

Item	Current Period	Last Period
Long-term equity investment income measured by equity	-48,505.63	-135,033.88



Investment income from disposal of long-term equity investment	2,337,075.95	
Dividend income	390,473,276.41	
Income from financial products	50,729.15	1,567,648.80
Total	392,812,575.88	1,432,614.92

## 6. Other

## XVIII. Supplementary information

### 1. Current non-recurring gains/losses

√ Applicable □ Not applicable

In RMB

Item	Amount	Note
Gains/losses from the disposal of non-current asset	2,326,477.57	
Governmental grants calculated into current gains and losses (while closely related with the normal business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard)	10,824,560.17	
Fund occupation fee charged to non-financial enterprises included in current profit and loss	204,763.50	
Profit and loss of assets delegation on others' investment or management	7,544,998.92	
Except for the effective hedging business related to the normal business of the Company, the fair value changes from holding the tradable financial assets, derivative financial assets, tradable financial liability and derivative financial liability; and investment income from disposal of tradable financial assets, derivative financial assets, tradable financial liability and other creditors investment	-572,784.42	
Switch back of the impairment provision for account receivable with impairment test on single basis and contract assets	1,176,620.32	

Other non-operating income and expense other than the above mentioned ones	-3,827,866.72	
Other gains and losses items complying with definition for non-recurring gains and losses	337,500.00	
Less: Impact on income tax	3,616,736.56	
Impact on minority interests	418,928.46	
Total	13,978,604.32	--

Concerning the extraordinary profit (gain)/loss defined by *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, and the items defined as recurring profit (gain)/loss according to the lists of extraordinary profit (gain)/loss in *Q&A Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Extraordinary Profit/loss*, explain reasons

☐ Applicable ☒ Not applicable

## 2. ROE and earnings per share

Profits during report period	Weighted average ROE	Earnings per share	
		Basic EPS (Yuan/share)	Diluted EPS (Yuan/share)
Net profits belong to common stock stockholders of the Company	4.66%	0.1828	0.1828
Net profits belong to common stock stockholders of the Company after deducting nonrecurring gains and losses	4.35%	0.1707	0.1707

## 3. Difference of the accounting data under accounting rules in and out of China

### (1) Difference of the net profit and net assets disclosed in financial report, under both IAS (International Accounting Standards) and Chinese GAAP (Generally Accepted Accounting Principles)

☒ Applicable ☐ Not applicable

In RMB

	Net profit		Net assets	
	Current Period	Last Period	Ending balance	Opening balance
Chinese GAAP	210,738,686.12	203,168,850.61	4,400,982,300.34	4,420,751,187.57
Items and amount adjusted by IAS:				
Adjustment for other payable fund of stock market regulation			1,067,000.00	1,067,000.00

IAS	210,738,686.12	203,168,850.61	4,402,049,300.34	4,421,818,187.57
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**(2) Difference of the net profit and net assets disclosed in financial report, under both foreign accounting rules and Chinese GAAP (Generally Accepted Accounting Principles)**

☐ Applicable ☒ Not applicable

**(3) Explanation on data differences under the accounting standards in and out of China; as for the differences adjustment audited by foreign auditing institute, listed name of the institute**

**4. Other**

## **Section XII. Documents available for Reference**

1. Text of financial statement with signature and seals of legal person, person in charge of accounting works and person in charge of accounting institution;
2. Original and official copies of all documents which have been disclosed on *Securities Times*, *China Securities Journal*, and *Hong Kong Commercial Daily* in the report period;
3. Original copies of 2020 Semi-Annual Report with signature of the Chairman.